

NEWS SUMMARY

GENERAL BUSINESS

Smith not opposed to talks

Rhodesian Prime Minister Mr. Ian Smith said that the transitional Government is discussing an agenda with British and U.S. envoys for new settlement talks with guerrilla leaders.

Although Mr. Smith adopted his most flexible stance yet towards the Anglo-American plan for all-party peace talks on Rhodesia by saying he was not opposed to the talks, he stressed that no final decision on this had yet been taken.

Earlier, key black leader in the transitional Government Bishop Muzorewa said that he was not opposed to the talks, but questioned Anglo-American intentions.

Lusaka:—

Mr. Robert Mugabe, joint leader of the Rhodesian Patriotic Front, broke off talks with his counterpart, Mr. Joshua Nkomo, to fly to Nigeria. The guerrilla leaders had started talks on terms for all-party talks on Rhodesia. They first met Zambian President Kenneth Kaunda in Lusaka. Back Page

Fumes scare

An office block in London's Mayfair was evacuated and 23 people taken to hospital after fumes spread through the building. The 23 were later allowed home.

Mystery blast

A mystery explosion ripped a hole in the skin of a Philippines airliner, killing one passenger who was sucked out of the plane, and injuring four others.

Doris Waters

Doris Waters has died in her Sussex home, where she lived with her sister Elsie—the other half of the famous Gert and Daisy comedy duo. She was in her late 70s.

Helicopter crash

Homes at Thornton, North Merseyside, were evacuated after a crop-spraying helicopter crashed, bringing down power cables. The pilot escaped with back injuries.

Dispute settled

Production of tomorrow's Sunday Times should be normal, following settlement of a dispute involving members of the Society of Graphical and Allied Trades. Page 3

Balloon challenge

The three Americans who completed the first balloon crossing of the Atlantic in Double Eagle II plan to circle the world in 30 days by balloon. Page 11

Home sold

A woman who returned to her Nottingham council home, after caring for her dying mother for six weeks, found that her home and contents had been sold by the corporation, who thought the house abandoned.

Charge dropped

A Moscow court dropped proceedings against U.S. correspondent Craig Whitney and Harold Piper, who, it alleged, had slandered Soviet television. Page 2

Briefly...

Two gunmen snatched a bag containing £12,500 from a security guard in Tottenham, North London.

Research by scientists in London and Oxford has shown that a vaccine may eventually be developed against multiple sclerosis.

Fourteen holidaymakers escaped from a blazing guest house on the island of But in the Firth of Clyde.

Two bombs destroyed six buses at the Newry, Co. Down depot. At least 11 people were killed and more than 300 injured in heavy rains in Karachi.

Several people were hurt in Vigo, Spain, when riot police fired smoke bombs to disperse 200 striking dockers.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

AGB Research	134 + 15	Peter Pan Bakeries	50 + 13
Atlantic Assets	112 + 5	Reed Intl.	154 + 4
Bambers Stores	115 + 5	Ricardo	263 + 7
Bonsor Engineering	381 + 8	Thorn Electrl.	400 + 12
British Land	451 + 6	Weston-Evans	153 + 10
Brown (J.)	483 + 8	Wholesale Firdings	198 + 7
Castain (R.)	230 + 12	Yarrow	302 + 7
Danks Gowerston	22 + 13	BP	884 + 10
Dunlop	201 + 6	Shell Transport	577 + 9
Dowry	255 + 5	Con. Gold Fds. Aust.	194 + 23
Glanfield Soc.	290 + 17	Norfolk Expn.	45 + 6
Hall (Matthew)	235 + 4	Thames Holdings	277 + 7
Hongkong & Newland Wharf	620 + 55		
London Prov. Shop	125 + 5		
Mowlem (J.)	155 + 4		
Norton and Wright	208 + 16		

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Price inflation up but rises likely to remain slight

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The underlying rate of price inflation is edging upwards, but evidence points to only slight acceleration during the rest of this year. Official figures show a retail-price index rise of 0.5 per cent in the month to mid-July, to 198.1 (January 1974=100).

That is the smallest monthly rise this year. However, in July, 1977, the index rose by an exceptionally low 0.1 per cent, so that the 12-month rate increased slightly last month for the first time in a year.

The index rose by 0.5 per cent in the 12 months to mid-July, compared with a rise of 0.4 per cent in the previous month. That is the lowest rate since early 1973.

Publication of the figures yesterday by the Department of Employment led to the familiar salvo of comments from Government and Opposition. Mr. Roy Matherley, the Prices Secretary, said the outcome accorded well with his prediction in May that the 12-month rate would remain about 0.5 per cent for the rest of the year, with small monthly fluctuations.

However, Mrs. Sally Oppenheim, Opposition spokesman on prices and consumer affairs, said the message is now clearly that the rate of inflation is rising once again, and by early next year it will be substantially above the figures predicted (by Mr. Matherley).

Prediction

The figures suggest that the trend is rising slowly. Other evidence from the continued low level of rises notified to the Price Commission, and the moderate rate of increase in manufacturers' output prices, indicates that the outcome for 1978 should not be too far from Mr. Matherley's prediction, given the normal time lags in passing on costs.

That is slightly surprising in view of the acceleration in the annual rate of pay rises to between 14 and 15 per cent in the past year and the impact of the sharp fall in sterling in the spring. Domestic prices might have been held back by competition from imported goods so profit margins might be squeezed. But there is no firm evidence yet.

The other side of the picture is that real wages have been rising rapidly. After taking into account tax cuts, average living standards have risen by between 6 and 7 per cent higher than the very low levels of a year ago.

The divergence between wages and prices cannot go on indefinitely, and most forecasters are expecting a rise in the 12-month rate of price inflation next year to near or slightly above 10 per cent.

Uncertainty over the level of wage settlements in the coming pay round makes forecasting very difficult. But the rise in the money wage rate has been seen as a sign of softening

Fed raises short-term interest rates

BY JOHN WYLES NEW YORK, August 18.

HIGHER SHORT-TERM interest rates emerged today as the first of a series of "continuing actions" promised by the Carter Administration, in a bid to strengthen the ailing dollar.

In a two-pronged move, the Federal Reserve Board raised from Monday its discount rate on loans to member banks from 7 1/2 to 8 per cent, then moved in the open market to raise its funds rate target from 8 to about 8 1/2 per cent.

The discount rate increase has been widely expected while the Fed funds rate target was seen here as strengthening the message to the foreign exchange markets that the U.S. authorities are determined to attack inflation and defend the dollar.

The funds rate, which is the charge on short-term inter-bank loans, is one of the economy's most important interest rates and was raised an eighth of a per cent on Wednesday when confidence in the dollar appeared to be collapsing.

The dollar rose steadily in New York on news that the discount rate was rising but trading was extremely thin, dealers said. Further announcements were expected today.

None materialised, however, and Wall Street was divided about the likely effectiveness of today's moves.

Some economists think that the Federal Reserve, which had been seen abroad as softening

its line on inflation earlier this month, had won back some of its lost credibility.

But it is acknowledged that unless a "follow through" results in terms of a more credible anti-inflation policy and effective intervention in the foreign exchange markets, the dollar could "tumble at the next bit of bad news."

Announcing the discount rate increase, the Fed said it was acting on recommendations from virtually all its reserve banks.

The rate would rise "in view of recent disorderly conditions in foreign exchange markets as well as the continuing serious domestic inflationary problem."

The White House said later that it "fully understands" the reason for the action, adding that the control of inflation was essential for a strong dollar and sustainable economic growth.

The discount rate has assumed greater than normal symbolic importance in recent weeks.

When the Board voted to make the last increase in June 7 1/2 per cent, Mr. William Miller, the Fed chairman, was in the minority. This raised the first questions about his readiness to continue raising interest rates in a bid to shackle inflation.

The 1/2 per cent differential between the discount rate and the Fed funds rate during the past month has been seen as a sign of softening the monetary aggregates.

But Senator Henry Jackson, chairman of the Senate Energy Committee, today warned that the natural gas compromise which, following the President's arm-twisting tactics last night, can now be voted on, faces a "razor-thin" vote on the floor of the House and Senate.

The House and the Senate have already passed differing versions of the gas deregulation Bill, which progressively removes federal price controls from all gas shipped across state lines over the next seven years. But the Bill has been deadlocked for the past eight months in a House-Senate conference committee called to reconcile these differing versions.

A majority of committee members of each House of Congress has to sign the compromise report before it can be ratified. With President Carter urging negotiating tactics reminiscent of the late President for help to improve the dollar, a bare majority of conference committee members have now signed the compromise.

The gas deregulation dispute has been bitterly fought, with the Administration insisting that higher gas prices would encourage both conservation and fresh exploration, while many taking the lid of gas prices would merely benefit the oil and gas industry and gas-producing states, such as Texas and Louisiana at the expense of the consumer.

In addition to deregulating natural gas and putting taxes on oil (to bring U.S. oil prices up to the level of those in other countries), the Administration has also proposed measures to encourage home and industrial energy savings, to reform the regulations on prices charged by power companies, and to encourage power companies and industry to switch from oil and gas to burning coal.

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Boussac to be absorbed by Agache-Willot

BY DAVID WHITE PARIS, August 18.

THE BOUSSAC Group, the French textile empire which has been under receiver since May, is to be absorbed by the rapidly-expanding Agache-Willot concern.

A long debate over the future of the group, which has 11,500 employees, took its most crucial turn today, when the Paris Commercial Tribunal finally opted for Agache-Willot's FFR 700m (£88m) bid.

Agache-Willot, also family-run, in recent years one of Europe's biggest-selling textile and distribution businesses with a group turnover of around FFR 6bn (£700m), plans to cut 1,500 jobs in the Boussac textile factories and to pay off the bulk of debts over a 15-year period.

The decision, the most important the Commercial Tribunal has had to make since the war, may be appealed.

Three days ago, M. Marcel Boussac, 80-year-old founder of the group, came out in favour of a competitive offer by M. Maurice Bidermann, leading figure in French off-the-peg clothes business.

The Boussac textile companies as well as M. Boussac's personal holdings outside textiles, have been under the direct control of the tribunal.

The Agache-Willot proposal is understood to have won the day for three reasons. It involved a smaller number of redundancies, did not envisage a State-backed loan, and had support from the State-sector banks which figure high among Boussac's creditors.

Besides textiles, assets included the Christian Dior fashion label, unofficially valued at Fr 500m (£60m).

The Boussac group's accumulated debts are put at FFRs 900m (£107m), of which some FFRs 200m (£24m) represents advances from M. Boussac's personal fortune. About FFRs 100m (£12m) is accounted for by suppliers' credits, FFRs 40m (£48m) by bank credits, and the remainder by Government debts and arrears in social security payments.

Under the plan approved today, the new owners are understood to envisage paying off about FFRs 200m (£24m) in an initial one-year period of management. Most of this amount can be financed from the proceeds of the recent sale of M. Boussac's newspaper interests and his famous racing stable, bought for £5m by the Aga Khan last month.

The bulk of the debt will be paid back without interest over 15 years.

The transfer of the Boussac group marks the end of one of the French business empires to revolve around the personality of one man. M. Boussac had sought to keep the group together and save jobs, many of which are in the depressed Vosges region in eastern France.

Of the 1,500 jobs to go, 700 will be outright redundancies, 500 early retirements, and 600 workers will be retrained.

The decision coincides with the announcement of French Government measures aimed at creating employment and stimulating the economy of the Vosges region.

The rival Bidermann bid involved participation by the Industrial Development Institute (IDI) and a large loan from the Government's Social and Economic Development Fund.

The Government had earlier rejected a recovery programme which involved State backing.

The Boussac case has been the first major exercise in the Government's new tough stance on "jame duck" companies. Boussac has received close official attention because of its importance on the labour scene, already threatened by a sharp rise in unemployment in the autumn.

In the meantime it will try to win a share of world markets for itself. The new range is claimed to be much quieter and safer than anything that has gone before, though gardeners are assured it will not provide the same type of performance as the racing machines from which it was bred.

The machines will be sold through the company's 150 power product dealers in the UK, alongside such items as cultivators, generators and outboard motors.

Honda, in fairness to UK lawn mower makers who might be accused of raising a good commercial opportunity, pointed out that it had met with a similar response from manufacturers in other countries and that, as yet, none had taken up its offer to supply engines.

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\$ fluctuates sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR fluctuated sharply yesterday in nervous conditions as foreign exchange markets closed and DM 1.998 in New York.

Measures aimed at stabilising the U.S. currency.

Overall, the dollar ended the week of almost unprecedented volatility at generally higher rates than on Monday morning, though below the levels of a fortnight ago.

This was only possible because of a sharp late rally after the opening of the New York market following the announcement of an increase in the discount rate.

This was seen as a step in the right direction and not mere words.

Earlier, during trading in the morning in Europe, the dollar had fallen further from the weak closing levels in New York on Thursday on disappointment with the inconclusive result of President Carter's Press conference.

The dollar touched a low of SwFr 1.60 yesterday morning before recovering to close at SwFr 1.6875 in London. The rate later rose to SwFr 1.646 in New York.

Similarly, the U.S. currency touched DM1.96 before recovering to DM1.991 at the European close and DM 1.998 in New York.

Sterling fell back from an early peak of \$1.9615 to a close of \$1.943, and a later New York level of \$1.945. The trade-weighted index closed 0.1 higher, in London at 62.2.

Dealers said trading was relatively thin as market operators were holding back in view of the uncertainty and after the sharp movements of recent days.

The extent of the fluctuations is shown by the fact that last night's New York rate for the dollar against the Swiss franc was about 6 per cent higher than Tuesday morning's low, while the rate against the Deutsche Mark was 4 1/2 per cent above the week's low.

£ in New York

	Aug. 18	Previous
1 month	\$1.9425-9475	\$1.9460-1.9700
3 months	1.940-1.945	1.940-1.945
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OVERSEAS NEWS

Record \$3bn insurance for Brazilian nuclear scheme

BY DIANA SMITH

RIO DE JANEIRO, August 18.

A POOL of Brazilian insurance companies led by the Companhia Nacional de Seguros, has arranged coverage worth \$3bn for the building and installation of Brazil's second and third nuclear power plants. This is the largest sum ever insured in Latin America.

The plants are due to start up in 1985. They are being built under the nuclear agreement signed by Brazil and West Germany, according to which Kraftwerk Union will equip the stations and Urenco will supply nuclear fuel.

The coverage now arranged by Companhia Nacional de Seguros, working in conjunction with the Allianz Insurance Company of West Germany, does not include transport of nuclear fuel: this will be arranged separately.

Under its 1975 agreement with West Germany, Brazil is firmly committed to two nuclear plants, with an option for a further six. The initial investment totals \$10bn.

The progress of the two German-equipped and Urenco-

supplied stations (Brazil's first nuclear power plant, now in the building stages at Angra Dos Reis in the South, is being equipped by Westinghouse) has been fraught with controversy.

The Carter administration, from the time it came to office, expressed serious reservations about Brazil's commitment to the purely peaceful use of nuclear matter and tried first stern then more subtle pressures to discourage the fulfilment of the agreement, especially since Brazil has not signed the nuclear Non-Proliferation Treaty.

Brazil has stuck to its ground, however, maintaining that in its contracts with West Germany and with Urenco, it has adhered to all International Atomic Energy Agency safeguards.

Furthermore, it has repeatedly voiced its full commitment to the peaceful use of nuclear energy and, indeed, to non-proliferation. As its argument for not signing the Non-Proliferation Treaty, it maintains that, if it did so, it would be subject to the domination of the rich and powerful "nuclear nations" and barred

from development of even peaceful nuclear procedures.

Brazil has been equally adamant in its attitudes towards the attempts by the Dutch Parliament to introduce tighter safeguards into the Urenco agreement signed in January this year.

In this, it has had the discreet support of the British and West German partners in Urenco. Diplomatic notes are being exchanged by the four partners to the Urenco agreement—Brazil, the United Kingdom, West Germany and Holland—in preparation for a final text that will ensure supplies of enriched uranium for Angra nuclear stations two and three, with a safeguard system for future plutonium warehousing.

The question of whether Brazil will ever build eight nuclear power stations—which would take nearly 40 years to achieve economic use, is becoming increasingly open, and there are growing signs that priorities are shifting to hydroelectric projects, making use of Brazil's virtually unlimited and more economic sources of this form of energy.

Opposition to Janata dispute compromise

NEW DELHI, August 18.

INFLUENTIAL GROUPS within the ruling Janata Party today opposed a plan for former Home Minister Charan Singh to take over as party president and threatened to wreck moves for an end to the Indian Government crisis.

Party officials also said that important differences remained between Mr. Singh and Mr. Morarji Desai, the Prime Minister.

Mr. Singh's refusal to retract his statement alleging high-level corruption within the Government was the main sticking point, they said.

Mr. Desai was reported to be unwilling to accept the formula proposed yesterday to make Mr. Singh party chief until he withdrew the charge.

The former Home Minister's supporters have also backed Opposition demands for an enquiry into allegations of corruption against Mr. Desai's son, Kanti.

Mr. Desai met Mr. Singh, the former number two man in his Government, for 20 minutes last night, but no further talks have so far been scheduled.

The strongest opposition to the plan for Mr. Singh to take over as party chief has come from Defence Minister Jagjivan Ram and other former members of the Congress Party who served at one time in Mrs. Indira Gandhi's administration.

The United News of India reported that Mr. Ram had told Mr. Desai through an emissary that the unity and solidarity of the Janata party would be badly affected under Mr. Singh's leadership.

He made clear that there would be a contest for the party presidency even if the Prime Minister supported Mr. Singh.

Shah pledges to continue Iran reforms

TERRAN, August 18.

THE SHAH of Iran has pledged that recent riots in which at least 15 people died will not affect his programme to liberalise Iranian politics and launch a democratic system.

The rioting would not stop the regime going ahead with completely free Parliamentary elections due next June, he said.

The Shah flew back to Tehran yesterday from a month-long holiday by the Caspian Sea amid continuing tension caused by the riots, which flared last week in more than a dozen towns.

Rioters burned banks, cinemas and restaurants in several towns in what Government spokesmen have called a conspiracy against the Shah's regime fomented by Left-wing extremists and Moslem religious fanatics.

There have been no reports of these disturbances for three days but the large city of Isfahan remains under martial law and a night curfew imposed a week ago.

Soviet computer approach to France

BY DAVID WHITE

PARIS, August 18.

THE SOVIET UNION has had "technical" contacts with the Franco-U.S. computer company supply a "home-grown" machine which would avoid the problem of security considerations that might provide valid objections to a direct U.S. Government ban.

The French company was among the original groups to tender for the "Tass computer," and wanted to take the lead of the agency's present IBM computer during the 1980 Moscow Olympics.

The French Government, requested by the U.S. Administration, to back the U.S. veto, has said that, as a general principle, supplies of civilian equipment could not be subordinated to political considerations.

In effect, a polite refusal to President Carter, who banned the Sperry Univac machine due to its use in the Tass computer, against all terms handed out to Soviet dissidents.

But a firm position by the French authorities is unlikely to be taken until an alternative computer has been placed.

The Government did say, however, that there were technical problems in the U.S. which its "Level 64" models use which made disc drives. Although the company plans to make the larger "Level 66" in France, it currently imports these from the U.S. and the U.K.

Britain, West Germany and Japan have also been asked by the U.S. not to fill the vacant order.

It is still not certain whether Tass will seek to buy from a Western source, although time is running out if the computer is to be delivered in time for the Olympics.

Industry sources here suggested that the Russians might have had other than purely commercial reasons for favouring Sperry Univac, diversifying their sources and gaining knowledge as broad as possible a range of Western computer know-how.

U.S. participation in some of its order has been placed.

The question of security considerations appears however, to be surmountable. CIL Honeywell-Bull said the supplier of a computer would be in a position to monitor the uses of a computer in question.

The French computer in question would be the Iris-90, a large model, in a series inherited from the State-controlled CIL, before its merger with Honeywell-Bull.

Although the computer uses some U.S.-made components, the company said it was as much an all-French product as ICL's computers were all-British.

Japanese economy recovering

TOKYO, August 18.

HOUSING LOANS have risen sharply and business investment is recovering in Japan, according to two surveys published today.

The surveys are the latest in a series of reports indicating that the Japanese domestic economy is recovering from its recession under Government stimulus efforts.

Domestic demand has been depressed ever since the Government's tight money policies took effect after the oil shock in 1974.

According to the Bank of Japan, private institutions extended ¥1,260bn (\$53bn) in housing loans during the second quarter of this year, up 23.6 per cent compared with the same quarter a year ago.

The increase reflected reduced interest rates and increased availability of co-financing arrangements with the Government's Housing Finance Corporation.

Government loans have been made more available as an economic stimulus measure.

Another reason for the increase in housing loans, however, is slack loan demand in the corporate sector. The banks have promoted housing and consumer

loans much more than they usually do. New consumer loans increased 36.6 per cent in the second quarter, according to the bank, and that increase was largely due to excess liquidity.

The 23.6 increase in new housing loans for the second quarter compared with a 15.3 per cent increase in the first quarter.

A survey by the Long-term Credit Bank of Japan indicated that the stagnation in corporate investment that has caused the bank's excess liquidity may have become less universal.

In a survey conducted in July, the bank found that companies have been revising their investment plans upwards. The value of the investments they now plan in the current fiscal year is 15.3 per cent above last year's level.

A survey the bank conducted in February indicated businessmen then planned investments worth 10.2 per cent more than last year.

Manufacturing industries still plan less investment this year than last, the survey indicated.

But construction, cement, and machinery industries have revised their spending plans upwards. The February survey works, investments and planned purchases by power firms.

planned 9.1 per cent less investment this year than last, but the decline would be only 3.7 per cent.

Non-manufacturing industries, led by the electric power industry, plan to increase investment by 33.3 per cent.

The February survey showed that the companies would increase their investments by 24.7 per cent.

Electric power companies, which have been "guided" by the Government to increase their investments this year to help the recession, plan to increase investments by 35.5 per cent this year. Their investments accounted for 43.4 per cent of the total investments planned by the 1,082 corporations surveyed, and their planned investment increase accounted for 83 per cent of the total increase planned by the corporations.

The Long-term Credit Bank attributed the planned investment increases by the construction, cement, and machinery industries to Government public works, investments and planned purchases by power firms.

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Journalists' case ends in Moscow

By David Satter

MOSCOW, August 18.

A SOVIET judge has ended the slander proceedings against two U.S. correspondents without gaining court-ordered retractions. He said that the libelous character of the correspondents' articles had been exposed and they had indirectly admitted their guilt by agreeing to pay court costs and fines of 50 rubles (\$350).

Mr. Leon Pipher of the Baltimore Sun, and Mr. Craig Whitney of the New York Times, neither of whom attended today's hearing, expressed satisfaction that the case, which began with an unpublished letter to the Soviet State television, was over.

Mr. Whitney said that in the end a Soviet court had failed to dictate to an American newspaper what it may print about the Soviet Union.

Judge Lev Almazov, the presiding judge in the case, said that due to the Press coverage given the case, including coverage in the Baltimore Sun and the New York Times, and because of the defendants' agreement to pay the costs of the case, a retraction was unnecessary.

He nonetheless said the correspondents' behaviour in not attending court sessions showed "a certain disrespect" and he would report this to the Foreign Ministry.

Mr. Pipher and Mr. Whitney were convicted of slander in their absence on July 18 for articles they wrote suggesting that a nationally televised recantation by Mr. Zviad Gamsakhurdia, a Georgian dissident, may have been fabricated.

Mr. Gamsakhurdia appeared at the court hearing and affirmed that the televised segment corresponded to what he had said.

The two correspondents were ordered at that time to publish retractions in their papers or in the Soviet Press and to discharge court costs of 2,350 rubles (\$1,800). They refused to publish retractions and were subsequently fined 50 rubles each which they agreed to pay.

The conclusion of the case has been greeted with some satisfaction by Western correspondents who feared the outcome would be worse.

But although the New York Times and Baltimore Sun did not publish retractions of the articles in question, the papers' perhaps unavoidable agreement to pay the fines has established a precedent for further slander suits against Western correspondents which need not always end with such comparative half measures.

U.S. growth rate reaches 8%

BY DAVID BOCHAN

WASHINGTON, August 18.

THE U.S. economy grew at an annual rate of 8 per cent in the second quarter of this year, faster than had been earlier reported.

But the inflation rate over the same period has also been revised upwards, to 10.7 per cent, the Commerce Department said today.

Real GNP growth for the second quarter had earlier been estimated at an annual rate of 7.4 per cent.

This had been considered a slight disappointment for the Administration, because a surge in economic activity in April-June had been thought almost inevitable after the 0.1 per cent decline in GNP in the first quarter, due to the had winter and effects of the spring national coal strike.

Commerce Department economists today said annual rates of

growth of more than 4 per cent would have to be recorded in the third and fourth quarters of the year if the Administration's forecast of 4 per cent growth for 1978 was to be met.

Most private economists believe the Administration is over-optimistic in this forecast, though a growth rate of between 3.5 and 4 per cent is generally considered necessary in the U.S. economy to prevent any increase in unemployment.

In July, the unemployment rate rose to 2 per cent.

Interest by those concerned about the recent precipitous fall in the dollar is likely to focus less on the upward revision of the second-quarter GNP growth and more on the corresponding increase in the inflation estimate.

Price rises in the second quarter were earlier put at 10 per cent.

President Carter, in his Press conference yesterday, put a high priority on curbing inflation. "If we can top inflation off this year, this will send a good signal to the world monetary markets," he said.

Nevertheless, most of his economic advisers have all but abandoned their earlier hope of halting inflation this year to within 7 to 7.5 per cent.

The Commerce Department also reported today a sizeable increase in corporate profits in the second quarter, of \$26.9bn, to a seasonally-adjusted annual rate of \$159.5bn.

Nearly a quarter of this rise was simply a rebound from the poor performance in the first three months of this year.

But the Department said the rise in profits was widespread throughout domestic industries.

GM raises car prices

By John Wyles

NEW YORK, August 18.

GENERAL MOTORS maintained its support for President Carter's anti-inflation programme today by announcing an average increase of just 3.9 per cent in the price of its 1979 passenger cars, which go on sale at the end of next month.

However, GM, Ford and Chrysler have already raised the cost of their 1978 models by 2 per cent this year after a general increase of about 6 per cent, last autumn.

GM's latest increase means that its passenger models will be 6 per cent more costly than a year ago, before optional extras are taken into account.

Mr. Thomas Murphy, GM chairman, said today that the increase was the "smallest by the company since 1974."

U.S. gas find 'significant'

BY DAVID LASCELLES

NEW YORK, August 18.

FURTHER tests at the new U.S. gas find in the Atlantic Ocean off New Jersey have confirmed the presence of "significant" gas reserves there, the drilling group headed by Texaco reported today.

This upgrades the find from the "very encouraging" rank given it when it was first announced last Monday.

The Texaco group made its announcement after perforating the well wall at a new location last night. This produced a daily gas flow of 9.4m cubic feet, some 20 per cent higher than the 7.5m cubic feet obtained from the first perforation.

The announcement said that this "confirms the presence of significant gas reserves at this location."

However, the group said further tests and exploratory

drilling would be necessary to ascertain whether a production platform is justified to develop the discovery.

The new perforation was made at a somewhat shallower depth than the first, below 13,000 feet against below 14,000 feet, and over a slightly larger interval, 40 feet against 38 feet.

Although the increased gas flow was welcomed here today, analysts said it was still too early to make definitive judgments about the prospects for the offshore area, known as the Baltimore Canyon after a fault on the Continental Shelf.

Texaco itself has said it would take up to a year to establish whether the find rates as commercial, and another seven to 10 years to achieve full production.

France's 'Cotton King' created a fortune embracing textiles, washing machines, banking, newspapers and racehorses

THE BOUSSAC BUSINESS EMPIRE

Building up a wealth of troubles

BY DAVID WHITE IN PARIS

BOUSSAC in French is almost a common noun. It is a synonym of wealth. "Rich as Boussac" is the same as "Rich as Rothschild."

And then there is another level of connotations behind the name. It conjures up images of self-made fortune, patriarchal attitudes, autocracy, top hats at Ascot or Longchamps, and a stubborn old man holding like grim death on to a disintegrating and badly-managed business empire.

That has now all changed. M. Marcel Boussac, the racehorses, which themselves earned him a fair-sized booty, were sold the other week to the Aga Khan. The 89-year-old "Cotton King," in the textile business for most of this century and a leading French manufacturer for a good part of it, is no longer even nominally in charge of his Fr 800m (\$14m) a year business. But it is still far from clear how the saga of one of France's most trouble-ridden businesses will end.

The Agache-Willot Group, which yesterday won its bid in the Paris Commercial Tribunal to take over the Boussac Group's assets (and its debts, which a year's sales would barely pay for), has still to draw up a full inventory of what it has bought.

The fierce competition that built up in the past couple of weeks between the Fr 6bn a year Agache-Willot, now the biggest French textile group, and M. Maurice Bidermann, whose Fr 5bn ready-to-wear business has also made top place in the field, shows that Boussac can still not be thought of as so much scrap.

The broken crown still contains some valuable jewels. The brightest of them is the Christian

Dior fashion business, reckoned to be worth Fr 500m, which M. Boussac started and hung on to. And the remains of M. Boussac's personal holdings of land and buildings are not to be sneezed at—stud farms, commercial property in Paris, 10,000 acres of hunting land and more.

One of the ironies is that the French family business tradition which M. Boussac typified—as much as his contemporary M. Marcel Dassault, the aircraft

manufacturer, still does—has survived the last-drawn-out collapse.

The brothers Willot are on average some 40 years younger than M. Boussac. The 25 years that Bernard, Jean-Pierre, Antoine and Regis Willot (in descending order of seniority) have taken to build up their empire put them, in Boussac terms, in the class of nouveaux riches.

But what do the 11,500

employees, for whom "M. Marcel" played a father-figure role, make of them? In the depressed Vosges region of Eastern France, where half of them work, nobody is overjoyed.

The largest French union, the Communist-inspired Confederation Generale du Travail, said that choosing between Bidermann and Willot was like choosing between cholera and the plague. Under either plan, at least 1,000 of them would soon be out of their jobs.

The well-known cartoonist Wolinski, in a front-page drawing for the Communist Party L'Humanite, shows six card players around a table. A recognisable Maurice Bidermann and four stout men in dark glasses are making rival bids: "Two hundred redundancies," "Raise you 200," "Raise you 300," and so on. A top-hatted, bloodhound-featured

making business in Paris. After the war, he scored his crucial coup in buying up a large stock of surplus aeroplane canvas.

Neither the 1929 crash nor the Second World War stood in his way. In the late 1940s, he spread his wings, made a licence agreement with Bendix for washing machines, went into banking, became a Press lord by buying

of Dior, to the Moet-Hennessy champagne and brandy group.

By the beginning of 1970 the decline had set in irremediably. He put in his nephew, M. Jean-Claude Boussac, as managing director for life, to draw up a recovery plan. Last year the group lost some Fr 100m; in three years the workforce, once 30,000, had dropped to 25,000.

In May this year the Government rejected the latest recovery plan as "unworthy" of its financial backing. It was the first test of a new tough stance on unviable businesses. In the same month, a three-month stay was granted on creditors' claims, and then the 21 companies in the textile group were put under direct control of the Commercial Tribunal.

In June, M. Boussac offered, dramatically, to sell off his personal holdings. The creditors refused because the holdings were already being used as collateral for loans.

L'Aurore and its profitable sister-paper, the horse-racing news sheet Paris-Tour, went to a group of industrialists and financiers for Fr 80m. The tribunal finally gave the remaining holdings over to its wing. The Boussac racing stable, the old man's pride, built up after the First World War and once numbering 200



IN HIS HEYDAY: M. Boussac pats his horse Galdador (ridden by W. R. Johnstone) after it had won the Derby from Prince Simon and Double Eclipse at Epsom.

Wrangle delays Hua trip

By Paul Lendvai

BUCHAREST, August 18. DIFFERENCES OVER the text of a Press communiqué for issue at the end of Chinese-Romanian talks caused an unscheduled three-hour meeting this morning between Chinese leader Chairman Hua Kuo-Feng and Romanian President Nicolae Ceausescu.

The Press communiqué, released by the Romanian official news agency but not signed by the two leaders as a formal document reaffirmed the common fight against imperialism, colonialism and neo-colonialism as well as against every form of domination.

Significantly, however, all reference to the word "hegemonism" was missing. This is the code word used for Soviet foreign policy by the Chinese.

The low key communiqué must be regarded as a last minute Chinese concession to Romanian prudence.

The unscheduled meeting meant that Chairman Hua arrived three hours late in his visit to the Romanian oilfields and a factory producing drilling equipment.

The Press release tonight expressed "profound satisfaction" with the results of Chairman Hua's visit and reaffirmed the determination of the two sides to work together and to promote mutual economic-technological co-operation.

It was, however, a low key and definitely moderate document compared to the usual Chinese statements. Thus it is more than probable that this morning's wrangling over the final communiqué was caused by Chinese insistence on a much stronger language.

Financial Times published daily except Sun. (Daily Special \$200.00 per copy, 10c per copy, second class postage paid at New York, N.Y.)



M. BOUSSAC AT EPSOM: proud of his stable.

John Wyles

HOME NEWS

British Airways plans £149 New York fare

BY PAUL TAYLOR

BRITISH AIRWAYS yesterday announced proposed changes to its winter fares between London and New York. Two new low fares are planned, three disappear and budget standby and increased from November 1. Concorde fares are all to be increased. The airline is seeking Civil Aviation Authority and Civil Aeronautics Board approval for the winter.

Under the package Concorde return fare is increased by 5 per cent to £905, in line with the present fare, the winter standby fare goes up £3 to £397, and the budget return fare is increased by £19 to £188.

Excursion, youth and group inclusive tour fares are to be removed and a new 14 to 45-day period excursion fare of £254 is introduced.

This single period winter excursion replaces the previous 14/21-day and 22/45-day excursion fares at last winter's 22/45-day excursion price.

The £249 low price advanced purchase fare, called Super Apex, the fare guarantees a return seat and will be available for visits of between seven and 60 days but must be booked at least 21 days before departure.

Airline staff win stake in profits

BY COLLEEN TOOMEY

IAS CARGO AIRLINES employees are soon to receive their first payments under a profit sharing scheme.

The profit-linked share plan was announced in March and yesterday IAS said that 149 employees who had worked at IAS for more than 18 months would be getting 270,000 or 5 per cent of the £502,000 pre-tax profits for the year ending March 31.

IAS employs 361 people in Britain. The unused shares offered to the workers are worth £1 each and are allocated according to salary level.

IAS Cargo Airlines, a privately-owned company based at Gatwick, is the largest independent all-cargo airline in Britain. This year, it received the Queen's Award for Export Achievement. Last year it carried 50,000 tons of cargo for export.

The company expects its profits to exceed £1m this financial year on revenues of £30m, an increase from £20m in 1977. It hopes a further 88 employees will be eligible to receive shares at the end of this period.

The employees will be able to sell their shares after five years.

Mr. David Aldous, financial director, said yesterday that nine months ago IAS had considered becoming a publicly-quoted company, but decided that it would be too restrictive.

It was looking for its cash elsewhere and was negotiating with several pension funds to raise £1m. Further talks would be held before the end of the month.

Companies warned over chemical

BY PAUL TAYLOR

COMPANIES working with acrylonitrile, a chemical used in manufacturing man-made fibres, have been told that the recommended airborne safety limits might be inadequate to protect employees from health risks.

The formal warning is contained in a guidance note detailing the latest revised list of threshold limit values for more than 600 potentially toxic substances, published by the Health and Safety Executive yesterday.

The note lists values adopted by the American Conference of Government Industrial Hygienists and also contains details of 16 substances for which the Executive recommends lower, or differently measured, safety limits.

Acrylonitrile, with a value of 10 parts per million of air, is one of the substances for which the Executive recommends a lower limit.

The concern over acrylonitrile follows animal experiments in the U.S. which suggest that the chemical may cause cancer in humans.

The executive said that the value "cannot be assumed to give adequate protection against potential risk" and companies are being urged to minimise exposure levels.

Further research is being conducted into the health risk of acrylonitrile in the U.S. The health of workers exposed to the substance is being monitored and a mortality study has been started, but has not produced any results yet.

The three main companies in the UK using acrylonitrile are Du Pont, Courtaulds and Monsanto. At Monsanto's Seal Sands plant, Teesside, there have been labour disputes over the level of exposure to the chemical, which the company maintains the average level is only two parts per million.

The new threshold limit value list contains 51 substances which have either not had recommended values before, or which have had their values changed. The new values remain as trial values for at least two years, after which they are adopted only if there is no evidence to suggest they are inappropriate.

The main list also contains 21 new values adopted for the first time.

HSE Guidance Note EH 15/77, 30p.

Cunard sets up separate management company

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

CUNARD STEAMSHIP has set up a separate ship management company in order to transfer its ship management activities to a non-Cunard ship.

Cunard already has small management contracts for liner and Gulf shipping companies, but is seeking growth in this low-capital area of ship management to offset recent reductions in its own bulk-carrier fleet.

The new company, Cunard-Brackelbank, is set up to manage the six bulk carriers of the Cunard fleet.

The fleet, none of which is more than six years old, has been sold in the last few months as

Midlands jobs hit by tea packing switch

By Our Midlands Correspondent

CADBURY SCHWEPES is moving ahead with controversial plans to transfer its Typhoo tea packing operations from Birmingham to Merseyside, although the Department of Industry has refused to pay removal grants.

The move will cost 550 jobs in Birmingham's depressed inner city area.

The company said that it was not surprised by the Department's decision. Whitehall officials apparently took the view that, while the removal grant was an incentive to attract companies to areas of high unemployment, Cadbury-Schwepes would have made the move regardless.

Cadbury-Schwepes, because it is investing in a specially assisted area, will still receive £250,000 State aid towards the £1m cost of six new packing machines and ancillary equipment to be installed at Moreton, near Bangor, head.

Economic activity at all-time high

BY DAVID FREUD

ECONOMIC ACTIVITY rose steadily during the first half of this year and reached its highest level ever in the second quarter.

The index of Gross Domestic Product (GDP) is provisionally estimated at 112.5 in April-June (at 1970 prices, seasonally adjusted), according to the Central Statistical Office. That was 0.4 per cent above the level in the previous quarter, also a new peak, when the index stood at 112. The previous high was 111.3, in the third quarter of 1974.

About three-quarters of the gain in the second quarter was accounted for by an increase in industrial production. Most of the remaining rise derived from increased activity in distribution.

On a longer-term comparison, activity in the first half of the year was 1.3 per cent up on the level of the previous six months and 2 per cent higher than the same period last year.

Since the beginning of last year, GDP seems to have grown and income data, which in the slightly faster than the rate at which industrial production is expanded. The latter is a main component in the GDP total.

The all-industry index for the first half of 1978 was only 1.1 per cent higher than in the first and second halves of 1977. That suggests that much of consumers' extra spending power over the period has gone on imports.

The GDP figure published yesterday is based on output data, particularly the index of industrial production.

There are two other measures of activity based on expenditure. The first, based on the output of the manufacturing sector, can differ quite significantly from the GDP figure. The latter is a more reliable pointer to short-term trends.

Shoplift cases up more than 19%

By David Churchill, Consumer Affairs Correspondent

SHOPLIFTING cases reported to the police last year rose by just over 19 per cent, according to Home Office statistics yesterday.

The figures, released by the Association for the Prevention of Theft in Shops, show that 217,276 shoplifting offences were known to the police.

Cases of theft by shop employees reported to the police, however, rose by only 7.3 per cent to 31,656.

Both sets of statistics probably substantially under estimate the size of the problem for retailers.

Trade sources estimate that about £550m was lost from shops last year. To compensate for this, retailers charge on average about 2 per cent higher prices.

The Association for the Prevention of Theft in Shops was formed by stores and retail chains such as Marks and Spencer, W. H. Smith and Boots to co-ordinate moves to reduce shoplifting.

It acts as a clearing house for exchange of technical aids on theft prevention and as an educational pressure group with schools and the Press.

In particular, it works with Embassies, High Commissions, and Tourist Boards to ensure that overseas visitors are made aware of the different shopping methods and means of payment in the UK.

The development of self-service selection in most High Street stores can be both misunderstood and act as a temptation to tourists, the association believes.

Other retailers have been much tougher. Laws are needed to give shopkeepers the right to detain suspected shoplifters without making them liable for a civil action in the case of a mistake.

Civil liberty organisations, however, are opposed to this because it would give too much power to the retailer.



Sir Charles Clere has found a buyer for his London home. The four-bedroom house in Park Street, Mayfair, has been on the market since November. Offers over £225,000 were invited. Estate agents Knight Frank and Rutley said yesterday that the house had been sold to an English buyer.

Sir Charles Clere, 73, now spends most of his time abroad, and is having a home built in Monte Carlo.

Last month his 2,000-acre Stype Grange estate near Hungerford, Berks, was withdrawn at auction as bidding failed to reach the £4m reserve price.

Aldermaston staff are reassured on precautions

FINANCIAL TIMES REPORTER

SENIOR MEMBERS of management at the Atomic Weapons Research Establishment, Aldermaston, met workers yesterday to reassure them of health and safety precautions.

So far, nine men and three women working at Aldermaston have been found to have plutonium traces and "whole body" monitoring of workers who have come into contact with radioactive materials are continuing at Harwell.

Aldermaston will not have its own "whole body" monitoring equipment until next year.

Mr. Ernie Brown, convenor of the Amalgamated Union of Engineering Workers and a member of Aldermaston's health and safety committee, said: "This afternoon members of the management met conveners of the several unions at Aldermaston and staff in certain areas of the establishment, which I cannot specify, and reassured them about health and safety precautions."

Earlier, Mr. Brown and other conveners met management to discuss staffing levels. Mr. Brown claimed after the meeting that the establishment was 130 men below strength in the trades areas.

The Defence Ministry said that Dr. Frank Morgan, deputy director of Aldermaston, had met staff in the afternoon to discuss health and safety precautions, but management frequently had talks with the unions on the matter.

So far, more than 80 people working in areas where they were potentially exposed to high levels of radiation had undergone "whole body" monitoring at Harwell where the machinery was available.

The Ministry would not say how many more people were still awaiting monitoring. Mr. Brown claimed yesterday that "hundreds" of personnel had yet to be checked.

Sir Edward Pochin, a physician and consultant to the National Radiological Protection Board, the Government's radiation protection body, is expected to have his independent inquiry into health and safety standards at Aldermaston ready in about two months.

The Government ordered the investigation after the 12 cases were discovered.

Tests had indicated plutonium levels up to twice as high as the limits recommended by the International Commission of Radiological Protection whose standards are accepted worldwide.

£8m coal plant contract

AN ORDER worth nearly £8m has been placed with Matthew Hall & Co. by the National Coal Board for the design, supply, erection and commissioning of a coal preparation plant for Houghton Main Colliery, near Barnsley.

By LEWIS THOMSON

to the Clyde in the area. The planning application is to be decided next month by Inverclyde District Council.

Further down the coast, Walkerton Investments, of Glasgow, is planning a £1m marina with 500 berths and 37 luxury villas on a stretch of coast half a mile north of Largs.

A similar plan by the same company was abandoned last year after fierce opposition from residents, but Mr. Edward McKenna, a director, is confident that the objections will be overcome and work will start this year. The project has outline planning permission from Cunninghamham District Council.

Mr. Bill Mackay, a well-known Clyde yachtman, who formerly ran Kingston Yachts on the river, plans a 300-berth marina at Craigendorn Pier, a mile upriver from Rhu.

Further north again, at Aedern, Mr. Colin Lindsay-MacDougall, landowner, yachtman and laird of Lunga, is proposing an £8m holiday centre incorporating a 500-berth marina, 18-hole golf course, 200-bedroom hotel and a conference centre.

The project has outline planning permission and is being backed by a Liechtenstein company of leisure consultants: Totalplan Sports International, also known as Topsiswin.

Tenants satisfied on rents but not landlords

By John Brennan, Property Correspondent

TWO out of three private landlords in Britain are unhappy about the amount of rent they receive, according to a survey on attitudes to letting published yesterday by the Department of the Environment.

The report, based on a simple survey of landlords and tenants late in 1976, provides a telling explanation for the loss of more than 100,000 privately rented homes every year. There are now around 1.8m privately-rented homes, just under 15 per cent of the housing stock.

The report shows that 85 per cent of tenants are satisfied with the rents they pay. The median rent in tenancies sampled was £4 a week.

On the other hand, only 38 per cent of landlords were happy with rent levels, and only 12 per cent of landlords with controlled tenancies were satisfied with their rents. Where landlords and tenants privately agreed rents, 62 per cent of landlords were satisfied with the result, and 38 per cent of landlords with registered tenancies were satisfied with the income they received.

Moving on

The Department asked landlords if they expected there to be more or fewer private lettings available in three time: 39 per cent felt that there would be fewer, 43 per cent expected no change, while 18 per cent expected an increase in the number of lettings.

Company and non-resident landlords were the least optimistic about the number of future lettings available.

Few tenants expected to stay in rented accommodation for any time. Just under half of the tenants questioned hoped to buy their own homes, and 57 per cent said that they would prefer to rent from a council rather than a private landlord.

Attitudes to Letting in 1976, Bobbie Paley, SO, £4.75.

Slater man extradition move dropped

THE SINGAPORE Government has dropped its extradition proceedings against the former Slater Walker executive Mr. Patrick Goodbody, who was discharged yesterday by Bow Street Court, London.

Counsel for the Singapore authorities told the court that the Government had withdrawn its allegations against Mr. Goodbody and would not offer evidence. Extradition proceedings began after the Government's investigation into the activities of Haw Par Brothers International, in which Slater Walker had a large stake between 1971 and 1974.

The court ordered that Mr. Goodbody's legal costs should be met out of public funds.

Race equality inquiries plan

THE Commission for Racial Equality is to conduct formal investigations into a Manchester housing association, the milk division of Unigate and the textile division of Unigate and the textile division of Unigate and the textile division of Unigate.

The new inquiries bring the total number of investigations being carried out by the Commission to 14.

London's new travel permits

THE Greater London Council will start issuing new free travel permits for pensioners, which must bear the holders' photographs, from September 4.

They will be available from all London Post Offices and will be valid until March 31, 1980. After that they must be renewed annually.

Rolls workers not to defy courts on Chile engines

FINANCIAL TIMES REPORTER

ROLLS-ROYCE workers in Scotland yesterday agreed not to defy the court order obtained by the Chilean Air Force for re-possession of its four jet engines blacked by the unions for four years.

The 1,400 manual workers at the company's East Kilbride engine overhaul plant accepted the view of their shop stewards, who have taken legal advice, that they could not legally prevent Sheriff's officers from entering the plant and removing the engines.

But the Chileans may still face union opposition in trying to move the Avon units out of the country.

Mr. James Milne, general secretary of the Scottish TUC, said last night that the terms of the court order did not mean that lorry drivers, crane operators or dockers—all members of the Transport and General Workers' Union, which deplored the Pinochet regime in Chile—had to handle the engines.

"The order requires Rolls-Royce to deliver up the engines. How the Chileans get them out of the country is up to them."

The court order was made at Hamilton nine months ago.

Mr. Peter Low, stewards' convenor, stressed that the workers would not help with the removal. This attitude is likely to be reinforced at a meeting early next week of the plant's 1,100 white-collar staff.

Rolls-Royce expressed relief that the controversy now seemed settled, at an end as far as the company said last night that the terms were concerned.

Nearly 400 laid off in two BL strikes

ALMOST 140 more workers were laid off last night from BL's Bathgate truck and tractor factory in Scotland as a week-long strike of 1,500 machine workers continued.

Production is at a halt, although about 1,000 of the 4,500 hourly-paid workers are still completing assembled vehicles.

The strikers have twice defied an official instruction from the Amalgamated Union of Engineering Workers to return to work as the negotiations can begin on their claim for bonus payments for operating new electronically-controlled machine tools.

A further 250 workers were laid off at BL's Llanelli radiator factory following a strike by production workers. If the dispute continues 1,000 more will be laid off on Monday.

Other layoff plans will soon be badged by the dispute because the Llanelli factory supplies a large proportion of radiators, heaters, silencers and seat frames for all models.

Perkins peace

EIGHT HUNDRED maintenance men at the Perkins diesel engine plant at Peterborough, who walked out a week ago in a grading dispute, voted yesterday to return on Monday.

SOGAT members in the publishing room had been claiming higher rates because, they said, they had fallen behind in pay leapfrogging.

The management said that the settlement involved marginal alterations to working practices since the beginning of last year.

Times Newspapers, which has given a warning that it will suspend all publication from the settlement unless it achieves industrial relations reforms, said the settlement cleared the way for discussions involving production of larger issues of the paper for many weeks and could be a lead to a permanent shutdown.

Tube talks on Monday

LONDON TRANSPORT officials will meet representatives of Tube service on Monday to discuss alternative ways of reducing costs other than the £5m cuts instructed to be made by the Greater London Council, which have led to the disruption of Tube services.

The talks were agreed at a meeting yesterday between representatives of the London Transport executive and the national Union of Railwaysmen. Union officials urged the executive to ask Mr. Ralph Bennett, chairman of London Transport, to ask the GLC to reduce the cuts for short periods.

Conditions for travellers were better yesterday, with only two stations closed just before the evening rush hour was due to start, though earlier in the afternoon two other stations were closed for short periods.

Naval hold-up ended

DOCKYARD workers at Devonport naval base yesterday called off their industrial action over which make up the trade union side.

The Transport and General Workers' section at the Faslane naval base on the Clyde, where work on two Polaris submarines was blacked, yesterday sent in to the acceptance of a pay offer of consolidation of £3.60 and a 9 per cent increase.

The offer, which was presented by union negotiators without a final decision, is being studied by the 12 unions which make up the trade union side.

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Clyde marina companies foresee plain sailing

A RECENT rush of planning applications to build marinas and associated leisure facilities in the Clyde estuary has confirmed the West of Scotland's reputation as the fastest growing yachting centre in Britain.

Boat owners from England, particularly the Midlands, and from Scotland and elsewhere in Europe are increasingly turning to the west coast as the last unencroached marine cruising area in Western Europe.

Already many more than 5,000 boats of all shapes and sizes are berthed around the 450 square miles of the Clyde and its sea lochs and more than 3,000 extra marina spaces are planned within the next five years.

The Clyde has three established marinas, providing 1,000 berths and representing a total investment of about £2m. The first opened seven years ago, is the Kip Marina at Inverkip or the Cunninghamham.

coast near the resorts of Largs, Millport and Rothesay. Kip Marina belongs to Mr. Derek Holt, of Holt Leisure Parks, which operates a large caravan park near by at Gourock. It has 640 berths, all occupied, has a permanent waiting list and is adding between 60 and 80 berths each year. The maximum capacity of the bay is likely to be 1,000 boats.

Further south, at Troon, a partnership of round-the-world yachtman Robin Knox-Johnston's marine consultancy and a local businessman in the past 20 months has begun what will be a 700-berth marina.

Port authority

The project, involving investment of £700,000, has 230 boats on its books and plans to expand to 350 by next summer. Finally, at Rhu, on the north coast of the Clyde at the entrance to the Gareloch, the Clyde port authority and a consortium including local yacht builders McGruer and Co. is building a £1m marina with space for up to 600 berths.

Last winter a storm severely damaged the project's unusual floating concrete breakwaters. Only 100 berths are still in use, against 200 last year, and development has been halted while a means is found to anchor the breakwaters.

Four further marinas are being mooted, which might entail total investment of £11m. The grandest scheme, said to involve £9m, is for a 1,000-berth marina with a 10-storey hotel, 40 flats, shops and parking for 300 cars at Cardwell Bay by Gourock.

It is being proposed by a company named Clyde Centre Marina, which has yet to be registered and whose plans are being promoted by Mr. Thomas Main, a retired Glasgow architect.

Mr. Main has refused to name his backers, rumoured to be a group of Scottish businessmen, and the project has attracted strenuous opposition from local residents, who fear it will cut off their last access to the Clyde in the area.

The planning application is to be decided next month by Inverclyde District Council.

Further down the coast, Walkerton Investments, of Glasgow, is planning a £1m marina with 500 berths and 37 luxury villas on a stretch of coast half a mile north of Largs.

A similar plan by the same company was abandoned last year after fierce opposition from residents, but Mr. Edward McKenna, a director, is confident that the objections will be overcome and work will start this year. The project has outline planning permission from Cunninghamham District Council.

Mr. Bill Mackay, a well-known Clyde yachtman, who formerly ran Kingston Yachts on the river, plans a 300-berth marina at Craigendorn Pier, a mile upriver from Rhu.

Further north again, at Aedern, Mr. Colin Lindsay-MacDougall, landowner, yachtman and laird of Lunga, is proposing an £8m holiday centre incorporating a 500-berth marina, 18-hole golf course, 200-bedroom hotel and a conference centre.

The project has outline planning permission and is being backed by a Liechtenstein company of leisure consultants: Totalplan Sports International, also known as Topsiswin.

Those associated with established Clyde marinas are confident about their own prospects and the area's future as a sailing centre. Mr. Roddy Coleman, a director of the Troon marina, said that the West of Scotland, with its islands and lochs, offered the best yachting grounds in northern Europe.

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lish itself on the Clyde. Topsiswin is the only outside entrepreneur among the present group of promoters. The Troon and Kip marinas include flourishing boat sale organisations, handling second-hand and new vessels under distributorships that give additional income. The average yearly rental for a berth ranges from £12 to £15 a foot.

However, one businessman and yachtman with detailed knowledge of the Clyde developments reflected that after 10 years of uninterrupted growth the sailing boom in the West of Scotland might be levelling off.

"Prices of boats are now reaching the level where I seriously question there will be the demand left to fill all these new berths," he said. "There is a lot of room up here for expansion, but if people do not have the money then some of their ventures could come badly unstuck."

THE WEEK IN THE MARKETS

Market recharging its batteries

After a rise of nearly 60 points in the FT Industrial Ordinary Index over the previous five weeks, the market paused for breath in the past five trading days. Buyers showed little enthusiasm, and with no major bid activity of new issue business to stimulate interest, volume slumped. Equity turnover ran at about half the levels seen in the previous week.

Nevertheless, the underlying trend was reasonably firm after such a sharp rise and disappointing share figures on Monday and money supply statistics at the upper end of the expected range on Thursday failed to jolt market sentiment. By the close dealers were fairly confident of renewed demand in the new account, although gilts remained nervous as hopes faded for an early fall in interest rates.

Lloyds' dark horse

Merchant banks welcomed a new, and hesitant, competitor into their ranks this week. After years of pondering Lloyds Bank became the last of the big clearers to take the plunge. Lloyds' delay is understandable. It has had the experience of the other clearing banks to contemplate. Over the last 10 years they have entered the arena either by buying existing merchant banks or by developing separate entities from scratch.

Neither approach has been particularly successful. None of the clearers' merchant banks—

LONDON

ONLOOKER

even those expensively purchased—have achieved spectacular results and there have been well-publicised difficulties in retaining senior merchant banking executives.

In an attempt to avoid the pitfalls Lloyds has evolved a new approach. It has appointed Mr. David Horne, a former director of S. G. Warburg, to build up a new corporate finance advisory service.

This department will fill the only gap in its banking services, says the bank, thereby providing a merchant banking facility at the friction of the cost of either establishing or buying a separate house.

Lloyds is keen to emphasise the separation of Mr. Horne's department from the clearing bank proper. He has been appointed director of the international arm of the group, and will work closely with its

merchant banking division, which was formed about a year ago. Nevertheless, the lack of a clearly-defined separate identity could bring M. Horne problems, both in marketing his advisory services and in establishing his independence from the main body of the clearing bank.

Compensation puzzle

The formula for determining compensation under the shipbuilding and aerospace nationalisation act remains as much of a mystery as ever following the announcement this week of terms for Hawker Siddeley and troubled tanker group London and Overseas Freighters.

So far the compensation to be paid—particularly in the case of Hawker which is to get £60m—has been higher than many in the City had been expecting. However, with details of the negotiations a close secret, the figures announced so far provide no guide to future payments for the other companies.

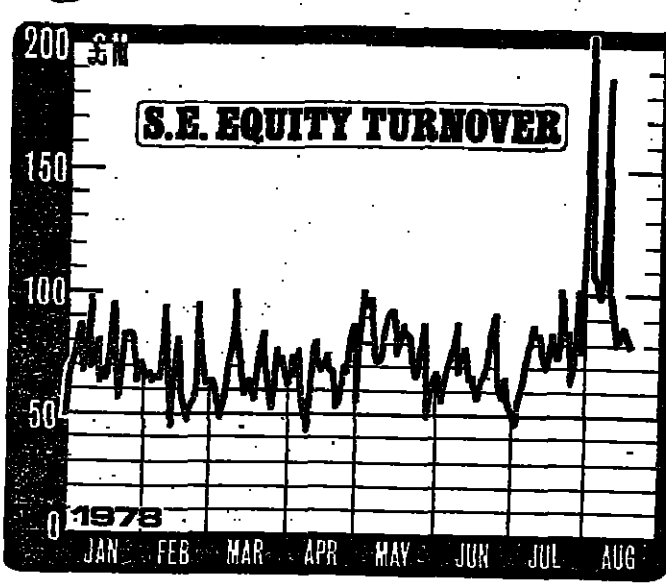
Explanations of how the amounts are determined have been limited. An average national stock-market value of the unquoted vested subsidiaries over a six-month period ending February 28, 1974, provides the basis for the compensation negotiations, but exactly how this is arrived at is not disclosed.

It becomes even more complicated in a case like Hawker where the operations of its vested subsidiaries—Hawker Dynamics and Hawker Aviation—were financed partly by borrowings from the parent company. Borrowings totalling almost £49m had already been repaid by British Aerospace ahead of the compensation terms.

The high level of debt repayment had led many City analysts to expect a much lower level of compensation. It remains to be seen whether groups like Vickers and GEC with larger interests at stake, but virtually no debt to come back—will be equally successful in dealing with the Government. The complexities of the nationalisation act give no clue.

On the mend

Low consumer spending and a glut of cheap imports have combined to give a troubled few years to most textile companies in the UK. Now, however, there is some light at the end of the tunnel. Retail spending at the end of June was higher than at any time since the beginning of 1975 and the Multi-fibre Arrangement, which restricts certain categories of textile imports, is beginning to have an effect now that the pipeline is clearing. Estimates put the



gain in sales volume at more than 10 per cent by the end of 1978 and already, large retailers such as Marks and Spencer are making optimistic noises.

Earlier this week, two of M and S's major suppliers announced first half results. While both sets of figures were slightly disappointing because consumer spending only picked up in the second quarter,

TOP PERFORMING SECTORS IN FOUR WEEKS FROM JULY 20	
	% Change
Contracting, Construction	+17.4
Lt. Electronics, Radio TV	+13.9
Building Materials	+13.4
Electricals	+13.5
Stores	+12.7
Toys and Games	+11.7
All-Share Index	+7.7

THE WORST PERFORMERS	
	% Change
Tobaccos	+4.2
Textiles	+2.9
Banks	+2.4
Oil	+2.1
Overseas Traders	+2.1
Newspapers, Publishing	-1.3

Corah's profits were a fifth higher and Nottingham Manufacturing—held back by its tufted carpet interests—had a 10 per cent rise. With the expected additional volume coming through, the picture in the second half will be much brighter and margins, though still low, will start climbing.

The only cautionary note to future trading is the value of sterling. While the UK market was flat, many manufacturers turned their attention overseas, and exports now contribute an important slice of total earnings. If sterling continues to improve, it will become more difficult to sell abroad.

Gas deflates Shell

The Royal Dutch/Shell Group reported net income of £390m for the second quarter on Thursday and the share price fell 5p

to 565p. The market had anticipated something slightly better than that, but the drop in the value of the U.S. dollar plus a setback in European natural gas sales hindered performance.

A seasonal downturn in demand for natural gas had been expected. But the market had failed to take fully into account the substitution of Ekofisk for Dutch natural gas, which the group had signalled when it let it be known that German buyers had renegotiated contracts cutting volumes purchased but extending the contract life.

The underlying performance was aided by Shell's return to the Argentinian market, and sales volume of oil products—excluding U.S. and Canadian operations—was 4 per cent up on last year's second quarter. Refinery margins, particularly in Germany and Holland, improved and chemicals markets started to recover from the slump experienced in 1977. In the U.S., higher revenue from petroleum product sales was offset by increased crude costs and product margins in Canada were eroded because of limited demand growth and refinery overcapacity in Eastern States.

The net income figure of £390m is struck after FAS 8 (the U.S. currency translation accounting standard) which, during the quarter added £108m to pre-tax profits. If the currency translation adjustment is ignored, the second quarter bare figure of £282m was well below the previous year's comparable figure of £350m and marginally lower than the first quarter's £288m. Analysts are anticipating the third quarter to be slightly weaker but, with a strong final three months expected, the result for the year is likely to be around £1.2bn compared with last year's £1.35bn.

Calm in turmoil

IN CONTRAST TO the turmoil and frenzy in the Foreign Exchange Markets, the stock market this week has been a picture of studied calm. The crisis affecting the dollar has barely furrowed the brow of the New York Stock Exchange, which did succumb to a little profit taking on Monday and Tuesday on news that the U.S. currency was taking a beating

NEW YORK

JOHN WYLES

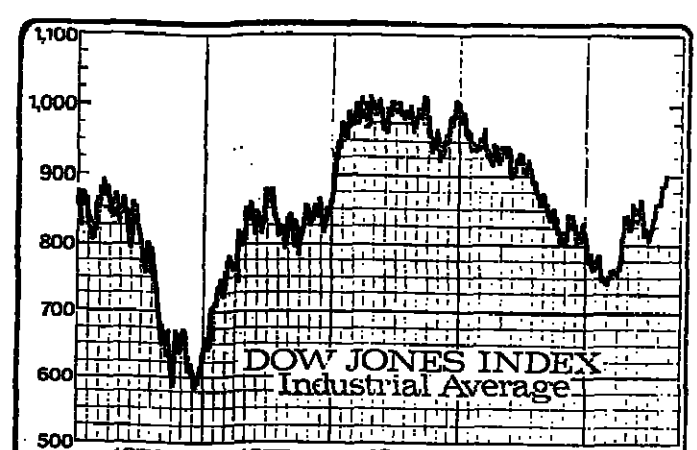
but the slight retreat in the Dow Jones Industrial Average was more a polite expression of concern than genuine anxiety.

Assurances from the White House on Wednesday that President Carter was "deeply concerned" and was seeking policy recommendations from the Treasury and the Federal Reserve Board was sufficient to return investors to their principal interest these days, purchasing more stocks than the yest. Wednesday's rise in share prices had some significance because it coincided with

indications that the Fed had raised the funds rate from 7½ per cent to 8 per cent. Undeclared to add funds to the market when the rate reached 8 per cent the stock market, which has floated upwards recently partially out of conviction that interest rates had peaked, chose to interpret the Fed's move as a positive response to the dollar's problems.

The preliminary evidence is that the market may not weather further interest rate rises so comfortably. The announcement of the rise in the discount rate helped the market to rise by more than six points by early afternoon but when the Fed was seen to be boosting the funds rate up to 8½ per cent, the gain was rapidly wiped out.

A market recovery in advance of a levelling off in interest rates is as rare as the Mona Lisa's smile, market historians tell us, and the only example I have been able to find was in war-torn 1942. Nevertheless, some analysts are prepared to venture that tradition is being discarded and that the market has been reached by the Dow Jones Industrial Average in confirmation suggestions that the February will not be seen again in this cycle.



But an interesting sidelight on institutional behaviour emerged this week in the form of a survey of mutual fund behaviour in the second quarter. The period coincided with the market recovery in April—the "buyers' panic"—which apparently failed to grip this group of investors who sold \$465m more stock than they purchased, according to Computer Directions Advisers of Silver Spring, Maryland.

The picture is not complete, of course, without parallel information about bank trusts and pension funds but, it tends to confirm suggestions that the April rally was fuelled by foreign buying which owed much

	Close	Change
Monday	888.17	-2.68
Tuesday	887.13	-1.04
Wednesday	894.58	+7.45
Thursday	900.12	+5.54
Friday	896.83	-3.29

Sitting on a see-saw

STRONG NERVES have long been on the list of qualifications and in the distributions expected from the group's gold South African gold shares, particularly during the past week when prices have reacted to the sharp movements in bullion. The metal has swung between extremes of a record \$216 per ounce and a low of \$208½ before rebounding yesterday to \$210.4.

Although the gold market has the important backing of a strong industrial demand, the current high prices are much dominated by sentiment affecting the U.S. dollar. Thus we are on a see-saw with the dollar at one end and gold and gold

advance in gold prices, however, 25 per cent—Esso will have 15 per cent and Urangessellschaft 10 per cent—and it will overcome the problem of finance.

In terms of cash, Western Mining will have to find only AS 2.1m for the venture. The rest of its share of the financing will be accounted for by its allotment of a venture stake to the partners and by a payment-in-advance arrangement with the uranium customers. These will include the partners who will then export the material. So far about 60 per cent of the mine's output is spoken for.

Finally, the Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua New Guinea has reported half-year profits of K24m (£17.8m) against K13.9m the year ago and has raised its gold mine outside South Africa.

interim by 1 toea to 5 toea (3.7p); last year's total was 6 toea. Because of the weakness of the U.S. dollar Bougainville has made exchange gains of K9.6m on the repayment of its loans in that currency.

Whether there will be a further gain in this respect during the current half-year remains to be seen. But earnings from mine production should be higher in view of the recent improvement in copper prices coupled with the strength of gold. It is worth bearing in mind that Bougainville's

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MINING

KENNETH MARSTON

shares sitting together at the dollar's weakness lift the dollar and produce a corresponding fall at the gold end, and vice versa.

This situation looks like lasting until something is done to cure the weakness of the dollar and in the meantime sentiment is likely to blow hot and cold. It is unlikely to alter the basically firm undertone of gold, or the continuing high level of mine earnings.

Latest news on the earnings front comes with the results of the Consolidated Gold Fields group's Gold Fields of South Africa. Profits for the year to June 30 have expanded to R40.9m (£23.7m) from R21.7m a year ago and the final dividend is being raised to 85 cents (49p) to make a year's total of 135 cents compared with the previous year's 110 cents which was reduced from the 1975-76 level of 155 cents.

The profits include an advance in the surplus on sale of investments to R7.98m from only R1m last time. This is explained by share sales made to provide finance for new investment, presumably the group's stake in the Black Mountain base-metal venture in South Africa's remote North West Cape where it is partnered by America's Phelps Dodge.

These realisations are thus not available for distribution and so there has been a relatively modest increase in the GFSA final dividend. The recent fresh

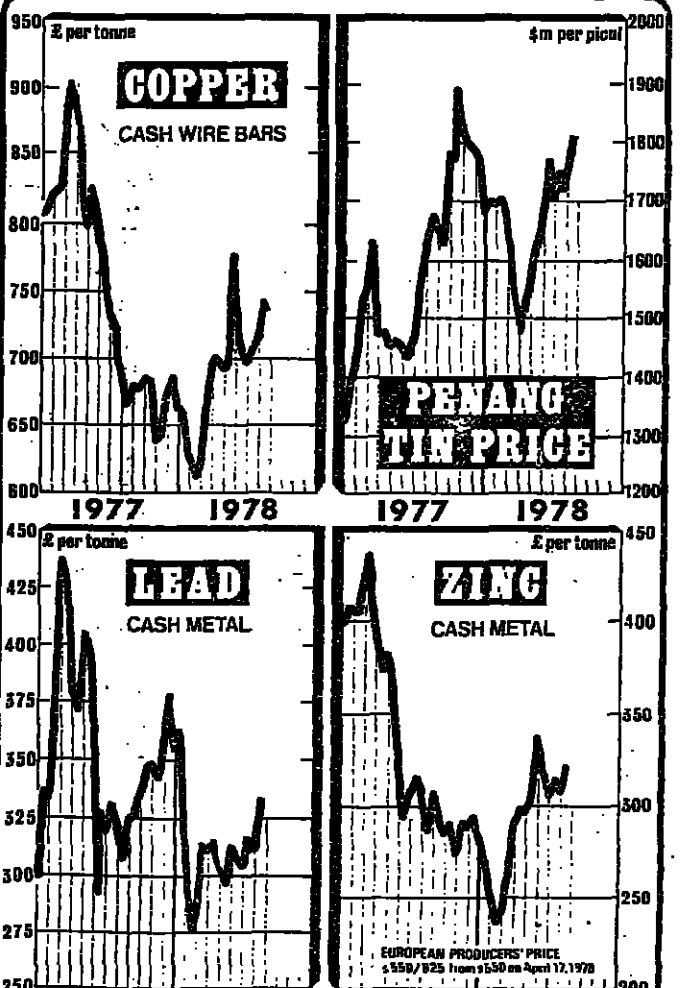
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The recent firmer trend in prices of copper, lead and zinc has been largely influenced by labour tension in the South American producing industry, notably Peru where there have been widespread strikes. At the same time, London Metal Exchange stocks of copper—though still substantial—have been reduced to their lowest levels since November, 1975, and those of lead have also fallen. Zinc stocks, on the other hand, continue to rise. Tin remains strong in the absence of further news regarding the proposed releases from the U.S. stockpile.

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1978	1978
	Y'day	Week	High	Low
Ind. Ord. Index	512.9	-1.9	516.2	433.4
Gold Mines Index	184.1	-16.9	206.6	130.3
Brown (John)	493	+33	495	231
Chaddeley Investments	55	+9	61	34
Conzinc Rhotinto	309	+18	306	148
Howden (A.)	154	-11	178	147
Invergordon Distillers	145	+12	150	83
Laing (J.) "A"	218	+14	218	121
Lex Service	88	-54	94	64
More O'Ferrall	77	-7	92	62
Norton and Wright	206	+26	206	158
Petaling	270	+25	270	165
Sainsbury (J.)	225	-10	243	161
Sunley (Bernard)	267	+11	268	170
Ultramar	250	-11	284	182
Unilever	580	+24	580	426
Vibrolant	196	+16	196	155
Vickers	194	+8	199	160
Waters Stores "A"	96	+36	99	32
Weston-Evans	152	+19	152	79

U.K. INDICES

	Average	Aug.	Aug.	Aug.
	week to	18	11	4
FINANCIAL TIMES				
Govt. Secs.	70.99	71.22	70.83	
Fixed Interest	72.84	72.84	72.34	
Indust. Ord.	511.4	511.5	495.5	
Gold Mines	195.4	197.6	187.1	
Dealings mtd.	5,407	6,097	5,118	

FT ACTUARIES

	Capital Gs.	242.53	239.55	229.20
Consumer				
(Durable)	220.19	217.98	209.35	
Cons. (Non-Durable)	220.02	220.39	214.04	
Grnd. Group	231.41	230.91	223.28	
500-Share	254.07	253.40	245.53	
Financial Gp.	176.27	177.53	171.46	
All-Share	234.28	234.01	226.71	
Red. Debs.	57.49	57.26	57.25	

Budget's share uplift

IT IS SOMEWHAT IRONIC that in a week in which the Australian Government delivered a draconian budget, the share market should take off on one of its strongest bouts of sustained buying for years. The budget left few unscratched, with higher direct and indirect taxes, a crackdown on tax avoidance and carving into welfare programmes, including the emasculation of the national health service, Medibank. All of this was done because of the Government's preoccupation with the size of the budget deficit. Without the taxation measures the deficit would have been \$4.5bn, but the Government managed to bring it down to \$2.8bn. It is not confined to small explorers however. America's Amx and Australia's largest company, Broken Hill Proprietary are among those which have joined the search for diamonds. The Sydney Metals

Over the past 12 months the Minerals Index actually fell almost 8 per cent in 1977-78, from 2,376 to 2,205. Since then it has run up strongly, and in the past week put on 177.28 points to 2,581.77.

The steady reduction in official interest, ably handled by the Government along with the continuing reduction of the inflation rate had also aided a stronger tone in the industrial

either raise interest rates to attract funds or resort to the printing press, and risk pushing the inflation rate up again. The harsh measures adopted in the budget to achieve an \$A2.8bn deficit should mean the Government can comfortably handle the funding and at the same time continue to move interest rates down steadily. It has certainly been interpreted that way by investors. The Government's first loan for 1978-1979 closed on Monday and has reportedly been rushed by subscribers in the belief that rates will be shaved further in the next loan, due in November. Observers believe the loan will attract as much as \$A700m which would break the back of the funding programme.

A solid subscription is likely to bolster the market even further. The enthusiasm over the past week has spread to overseas investors, who presumably see the budget as a responsible package, and one which could have the desired result of bringing the inflation rate down to around 5 per cent (it currently about 8 per cent) by mid-1979.

Sharebreakers report that overseas buyers interpreted the budget, and continued to improve as the week wore on. The interest is coming mainly from the United Kingdom, United States and the Far East.

AUSTRALIA

JAMES FORTH

section in recent months. By June it had become obvious that the government was having problems with its 1977-78 budget, which was ballooning because of a shortfall in revenue. In the event the deficit came out at \$A3.3bn but the budget had estimated \$A2.2bn. Moreover, the Government faced a difficult task in preventing the 1978-79 deficit from increasing to further dimensions, which in turn threatened to put a halt to the decline in interest rates, if not force them to rise slightly. The Government largely funded the 1977-78 deficit from the sale of its securities to the non-bank public but if the deficit had swelled and further it would have had to

Indications of a consumer boom

The better second quarter results announced this week by three of the Dutch international concerns owe a great deal to improved consumer demand. The industrial activities of Philips, Akzo and Unilever are still disappointing though, and in some areas were worse than in this time last year. Are these figures the first signs of an upturn in consumer spending?

The results of these companies indicate there are the beginnings of an improvement but the world picture is patchy. Unilever started off the week with the announcement that second quarter group pre-tax profits were 15 per cent up compared with the first three months. Sales were up 7 per cent in value in the quarter compared with the same 1977 period—reflecting a 4 per cent increase in volume.

A large part of this improvement was due to higher volume sales in Europe and better margins for consumer goods. The results of the margarine, detergents and frozen products businesses were well up on the group sales.

corresponding quarter of last year. Even ice-cream sales were higher despite the atrocious summer. In North America too profits rose due to improved figures from Lipton when the chemical products of Inc. The other side of the division is fading tough conditions experienced by recovering, are still only marginally profitable.

Philips also benefited from an upturn in consumer spending on electrical goods. Volume sales rose overall by just over 10 per cent in the first half, sufficient for the company to raise its cautious forecast of 7 per cent growth in the year as a whole.

The firmness of the Guilder against most other currencies and reduced the sales rise in given these three companies' Guilder terms to 7 per cent. Sales in two divisions, home electronics for sound and vision and domestic appliances and subdued. Unilever rose to personal care products, rose FI 121.90 yesterday from significantly more than the FI 118.90 at the end of the previous week. Philips was FI 0.70 usually provide an additional higher at FI 26.30 while Akzo, boost to TV manufacturers and which expects a traditionally 1978 was no exception. Philips poor third quarter, fell back hopes to sell its more sets this year than was first expected and this will not be at the expense of 31.60.

This division as a whole improved both in terms of the profits and sales in the first half of the year. Operating profit rose 8 per cent at a time when the chemical products of the division is fading tough conditions experienced by recovering, are still only marginally profitable.

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of black-and-white TV sales. The strongest upturn in sales was in Asia and Latin America. North American turnover was also well up but the weakness of the dollar depressed the Guilder figure. Mirroring the picture at Unilever, Philips industrial supplies division fared badly. Sales were down on 1977.

Trading profit as a percentage of sales was about level with last year in most sectors in the first half. Again industrial supplies was a notable exception and profits were considerably lower.

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FINANCE AND THE FAMILY

Marrying a U.S. citizen

BY OUR LEGAL STAFF

I shall shortly be marrying a U.S. citizen, who proposes to retain her citizenship. Will she be entitled to keep her overseas capital abroad, and also to hold a foreign bank account?

Your wife would become resident of the UK for exchange control purposes in the circumstances you describe, but if she retains foreign nationality she will be able to apply for exemption. This would involve her from some of the normal obligations of a UK resident and could cover capital investments abroad and keeping a foreign bank account. Application should be made through her bank on the special form provided.

ing to a survivor by reason of a joint tenancy. However for the purposes of fiscal liability the part of jointly owned property accruing by survivorship is included.

Loss on a removal

I have a recently built house, where, after the six month maintenance had been carried out, I reported to the builder the re-emergence of cracks in the inner walls. After one or two false starts, the builder now proposes that we move out while remedial work is done. Is the builder legally obliged to meet the cost of removal, alternative accommodation, etc?

We very much doubt whether the consequential loss on your removal could be claimed from the builder unless you can show that he was in breach of contract, i.e. that there was a defect in the building work contracted for which arose through the builder's fault or neglect.

Ownership of a hedge

A thorn and privet hedge divides my house from that of my neighbour, and the question arises as to whom it belongs. The Land Registry titles does not make the matter clear, as you can see, and neither set of deeds makes any mention of

ownership. Can you help us with any advice? Does a Land Registry certificate have any precedence over a dimension plan?

The Land Registry plan is mapped with "general boundaries" so that it cannot be relied on to supersede the pre-registration deeds. If these too are unclear it would be in the last resort necessary to seek the determination of the court. Unfortunately there is no hard and fast rule to go on — although there is a tendency to find a fence or hedge to be a party fence or hedge where it is doubtful which of two, or more possible interpretations to apply.

Change of flat landlords

Some time ago I bought a purpose built flat and we have now been told that the landlords have changed. Meanwhile, it is proposed to make substantial increases in insurance charges, also increases in maintenance. The other tenants in the block are equally affected and concerned. What action do you suggest we could usefully take?

Your best course at this stage would be to interest some (or all) of the other flat-owners in obtaining advice from a solicitor (and sharing the cost). You have rights to receive information about, and also certain rights to challenge, service charge expenditure under

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

statute—section 90 and 91A of the Housing Finance Act 1972. Unfortunately the latter section is very obscurely worded and it is difficult to predict what meaning the Courts will give to it. However it could be used as a means of challenging the increase in insurance premiums.

A discretionary trust

I am resident in the Isle of Man and have a daughter who, though not certifiable, is a difficult mental case. Could you tell me if there is any way of wording my will so that I can leave a sum to be used for her and her children's benefit without giving her rights she can legally enforce?

We cannot advise you as to Manx law. Under English law it would be possible to set up a trust under which your daughter is a discretionary object, i.e. she would not be entitled as a beneficiary to any interest in or under the trust fund or the trust, but she would be entitled to be considered by the trustees among other discretionary objects in the exercise of their powers. If the powers are wide the trustees can apply money (income or capital) for your daughter's benefit as and when they think proper, but are not obliged to do so.

Emigrating to Bermuda

I am single, aged 46 and having sold the family farm, am thinking of going to live in Bermuda. What, please, is the position as regards taking the proceeds of the sale with me?

If you go through the emigration procedure, as to which your bank would advise and go to Bermuda, you could take up to £40,000 with you at the normal rate of exchange. Any other funds would have to be obtained via the premium currency market, the premium being now around 50 per cent, or you would have to wait for four years to transfer at the normal rate. It is sometimes possible to do better than this, as to which your bank would advise.

Cost of insuring, on a new for old basis, a house valued at £30,000 and contents worth £2,000

	Buildings and contents	Highest London area	Home counties
Company			
Commercial Union	37.50	44.50	31.00
Eagle Star	37.50	44.00	24.00
General Accident	37.50	44.00	24.00
Legal & General	37.50	44.00	24.00
Norwich Union	37.50	44.00	24.00
Royal	37.50	44.00	24.00
Sun Alliance	37.50	44.00	24.00

contracts, but if they do then an underinsurance clause would be added to their policies. This would have the effect of cutting down the amount paid on a claim where the policyholder was underinsured. Amongst the companies giving warning of this drastic action have been Norwich Union, Sun Alliance and Prudential.

This is a reasonable line to take, provided the policyholders concerned understand what is happening and are given fair warning of the consequences. The companies claim that they do this, on their renewal notices, but the warning issued by the Pru, for one, looks to me to be very mild.

Such action could well be misinterpreted by policyholders, and produce considerable ill will, especially if claims are reduced at a time of serious disasters such as these which occurred in last January's

storms. The doves still feel that they should make at least one more attempt at persuasion before taking drastic action. Amongst the companies taking this line are Commercial Union, General Accident, Eagle Star, Legal and General and Royal. Some are not satisfied that cutting claims is worth the expense involved.

The British Insurance Association has sent a letter to members, asking them to check up on their claims handling procedures. To date the BIA receives very few complaints on this subject.

Nevertheless, the insurance industry needs to rethink the whole subject. Meanwhile, it may well pay policyholders to shop around for cover. The table shows some of the differences that exist. The high cost of contents cover in London arises from the higher risk of theft.

of the tax according to whether the transferor or the transferee is to pay it, and no discussion of the forms of assurance now available to mitigate its impact. Likewise the section on income tax doesn't attempt to explore the position of the self-employed — surely a major source of business, these days, for most professional advisers; and while the impact of taxation on income arising abroad is considered, the application of the foreign exchange control regulations is not.

These shortcomings really reflect the nature of Stafford Robert's mainstream business as financial advisers, for they are very largely involved in providing a service to senior executives. It adds immeasurably to the value of this manual, however, that it is completely disinterested: there is no attempt to tout anyone's wares or services. It is worth every penny of the £18 (first year) and £9.50 (subsequent years) which it costs.

Professional Investor's Manual: available from Stafford Robert and Partners, Ltd., 954 Fulham Road, London SW10 9UH.

Cover for disablement

"WHAT IS the point of my spending three or four times as much in premium for a so-called permanent health contract, when I have a perfectly good annual disability benefit with a reliable company?"

This was the question that greeted me from one of my fellow commuters, after the usual early morning pleasantries, as we climbed aboard the train; he had, it seemed, been one of the victims of a hard sell campaign during a round of golf over the weekend but had claimed a week to consider.

My friend's question can, of course, be very simply answered: there is considerable merit in having a policy which insures you continue until the agreed terminal date, probably the policyholder's retirement date; whatever his state of health, as distinct from one which insurers may choose to renew from year to year only so long as the policyholder continues to enjoy average or above-average health. But premium has to be paid for the right to non-cancellability, and the extra cost depends on the scope of the cover actually purchased.

Let us first have a look at the average annually renewable disability benefit policy. Insurers normally provide cover against total disablement due to accident, for a maximum of two years from the date of injury, against total disablement from illness for a maximum of one year. Though rates vary, for the average professional person or sedentary employee £1 a week benefit costs £1 a year of premium, virtually irrespective of age, though those who are 50 or more may pay a higher rate. This cost can be reduced if the policyholder decides to accept a "waiting period" of one, two, four weeks or more. This means that insurers do not begin to pay until the waiting period has elapsed: this waiting period may be arranged as an "excess" in which case insurers make no payment for disability sustained during the waiting period, or sometimes as a "franchise" when insurers pay for all disability including the waiting period, provided that the disability period lasts longer than the waiting period.

In most annual policies there are of course a number of exclusions, mostly relating to the accident risk: some of these exclusions say that of motor-cycling, or extra premium, but not others—for example, parachuting. Moreover the policyholder's occupation affects the accident risk and the more hazardous his job the higher the premium he has to pay.

But the basic drawback of this kind of annual policy is that insurers do not have to renew. So much so, that if the policyholder has a serious long-term claim in being, on which payments are being made when renewals come round, insurers may quite firmly tell the policyholder that they will only consider reinstating the insurance once the claim payments have been completed and once medical condition has stabilized. If stability then means the the

policyholder has become a person of below average health, insurers may continue cover only with a sizeable premium loading or perhaps with the exclusion of all claims due to the particular disability.

By contrast the permanent health policy is a long-term contract and at the outset, in theory at least, both insurers and policyholders contemplate the cover continuing for 20, 30 years or more, just like a life assurance policy.

As with the annual contract insurance is provided against total disablement from accident and from illness; but there is no time limit to the number of weeks or years' benefit that insurers may have to pay—the only cut-off is the pre-arranged ultimate terminal date of the insurance, usually between ages 60 and 65. If there is a claim in being on the policy anniversary date (not "renewal" date), because this is a continuing insurance) insurers must continue cover if the policyholder offers the premium, whatever his then state of health and however poor his medical outlook may be.

When buying permanent cover, the proposer has to decide what length of waiting period is suitable for his particular employment and financial circumstances: initially most insurers offer terms coupled with 13 or 26 week excesses, but exceptionally the proposer may take a year's excess, or perhaps only an eight week or a four week's excess. The length of the excess is directly reflected in the cost of cover—the longer the excess the cheaper is the insurance.

Premiums are age related. This does not mean that premium increases each year as the

proposer gets older, but that the age of the proposer at inception is taken into account in determining the annual cost: so in this respect permanent health insurance is similar to life assurance. But the proposer's occupation is not so material and many insurers reckon that with a 26 week excess occupation as an underwriting factor is virtually eliminated.

To sum up, an annual disability policy provides fairly cheap short-term protection, usually from the first day of disability and certainly after only a short lapse of time. It is not therefore an alternative to permanent health cover which provides more expensive long-term protection, but usually only after a fair lapse of time.

As most of us have only limited resources to spend on disablement insurance, the temptation for many must be to opt for annual renewable cover; this may be right for the younger and robustly healthy citizen but second thoughts may often be better for the older person, who can, unfortunately, expect deteriorating health. Each prospective buyer must assess his own financial circumstances and those of his dependents in the case of long-term incapacity and make his own decision on the merits of these different policies; but I suggest that the family man does best to spend money on long-term incapacity and make his own decision on the merits of these different policies; but I suggest that the family man does best to spend his money on long-term protection — to ensure, for example, that he can continue to meet his mortgage and other basic commitments if he is unfortunate enough to be disabled for six months or more.

INSURANCE

JOHN PHILIP

In 1977 Martyn Harris and his wife retired to Spain to live as tax exiles. Last week he described his reasons for taking that step: this week he describes the outcome so far.

Tax and the exile

FOR AN expatriate, the laws in a new country may take a little while to learn.

Not the simple laws, such as the one that says it is obligatory to wear seat belts on main highways. A glance at a road sign and the presence of armed motor cycle police makes one conscious of that rule very quickly.

It is the type of law of which a citizen in his homeland can spend a lifetime in blissful ignorance; for instance, that all aliens should register with the local police. To the exile this can become a problem.

And take the situation prevailing for Spanish tax. If you maintain tourist status as the rules exist you are not liable.

The law states that if you are resident for a period of more than six months in any tax year (the calendar year) you must declare your earnings—world-wide.

Most countries appear to have a "Catch 22" law which allows them to tax any resident's world-wide income. However, it is obviously difficult to administer.

We live in a world of rumours of wealth tax, income tax on tourists and other nasty ideas guaranteed to drive about 12 per cent of Spain's winter coastal community into another country. I suppose some of these will come with the advent of the new democracy and the Common Market, but at the moment the situation is still

deliciously vague—unlike the regulations in the UK which can continue to bite long after departure.

The intending exile should be aware that the arm of tax law is exceedingly long.

Although my application to the Bank of England for expatriate status had been relatively uncomplicated, this was not, nor is it still, the case with the Inland Revenue.

Although I have been away from the UK for some time, I am still unsure of my position.

It was rather worrying to learn that a close friend, an expatriate of 21 years' standing, is—due to technicalities—still paying full tax on all earned income produced in the UK.

The first step in my pre-departure inquiries was to read thoroughly a booklet available from the Inland Revenue or one's own accountant, IR20. This gave me the broad guidance on whether or not I could achieve a tax Valhalla.

Every individual contemplating such a move will be faced with his own specific problems, so he should take specialist advice. All I can do is recount my experiences to date.

Having made my decision to live abroad, I organised my affairs with a view to departing on March 31. This was not an arbitrarily selected date, but one suggested by my accountant. In order to establish a bona



fide emigration, one should spend at least one whole tax year outside the UK. It is not mandatory, but it can help to speed approval of one's non-UK tax status.

"Don't leave it until the last moment," I was advised. "There are delays at ferries and airports—and of course strikes."

In the event the advice was wise, because finalisation of the sale of my house took longer than anticipated, and we didn't leave until April 2—with two days to spare.

My accountant wrote to my local tax inspector six months before my departure, advising him of my move and applying for a grant of status as a non-resident. To date he has had no reply.

Before departure I completed and sent in tax form P85, which enables me to claim all reliefs and payments of tax stemming from my exile. To date no answer.

In addition to this I then learned that I must complete form A3 to apply for exemption from tax on all equities and Government Stocks held. At last a reply.

As of the date of writing this article, I am still awaiting tangible evidence that my move has not been in vain. I certainly hope so, as I can now only return to the UK for limited periods: an average of less than 90 days per annum over any four years.

What have I achieved if I prove to have been successful? Reasonably quick absolution from all taxes on selected government stocks. A withholding tax only on all equity investments. Freedom from capital gains and capital transfer tax. A relaxed life in the sunshine improving my golf and doing the odd series of articles for the Financial Times.

But then—I don't even know yet whether I'll be taxed on the fee for writing them.

Making money and a golfers' dream

IF YOU'RE keen to keep fit, the loss-making Dunstanborough build a playground for your links into a modestly profitable favourite sport, and earn a reasonable return on capital, you might consider following the energetic lead of Will and Sara Sutherland.

The Sutherlands are an ambitious couple. They began by inheriting a large sum of money, and they've ended up choosing to inherit the earth—or at any rate some 120 rolling acres of it which, in a remarkable labour of love for the game, they are busy transforming from rich farming land into what in time will become a testing 18-hole golf course.

The challenge they present, you will appreciate, is strictly not for the meek. Spending countless summer evenings and weekends over the last couple of years—for Will is a full-time principal at the Department of the Environment, while Sara looks after four children and runs her own wind-surfing school—the two Sutherlands have devoted immense energy to the project. Their only help has been one (invaluable) enthusiastic labourer, who joined them last July.

They have shifted mountains of earth, planted hundreds of trees, sown acres of grass and—proving that greenkeepers can turn navy—built for £150 a road which might otherwise have cost upwards of £40,000.

First seeds of the golf idea were planted some 10 years ago when Will, a young post-graduate at Newcastle University, assumed responsibility for his father's course. Between lectures on agricultural economics, he spent his time turning



St. Andrew's, venue of the 1978 British Open Championship. Amphil offers no challenge—yet.

Twelve fairways were sown in the autumn of 1976 with the fairways and greens as yet rest and all the greens completed almost exactly a year later. In that time most of the course was "rotovated and harrowed", a task undertaken mainly by Sara while Will took control of the bulldozing.

Besides the cost of the land, £100. No day members will be allowed and in touching deference to the demands of Women's Lib, ladies will play off the men's tees. Membership (currently about 40) will be restricted to 250 for the next few years; and assuming that's achieved, annual gross income will be £25,000. —Allowing £10,000 a year for wages and running costs, that leaves an annual pre-tax return of about 10 per cent. —Not bad, you could argue, for doing what you enjoy, creating what you have dreamed about, and sitting on land which has already shot up in value.

Advice for advisers on personal finance

THE PROFESSIONAL Investor's Manual, put out by financial advisers Stafford Robert & Partners, has just had one of its periodic overhauls and is now available in its revised form: a hefty, 900-odd double-sized pages of opinion and information. It is intended for use by solicitors, accountants, bankers, insurance brokers and the occasional private individual. It is by no means light reading. And it is extremely useful.

In part the usefulness lies in the discussion pieces, though since the publishers have given their contributors their heads, the quality of these pieces tends to vary. There is, for instance, a lively and contentious piece on the tools of equity investment from managing editor Robert Greenly; a piece of special pleading for the building societies from Ray Chapman of Northern Rock ("The building society in the High Street measures the prosperity of the ordinary man... Building societies... would soon be in serious trouble if they opened branches indiscriminately"); and a solid and useful piece on the techniques of gilt-

edged investment from Tom Landry from stockbrokers McAnally, Montgomery.

More useful still, however, is the wealth of information—basic, less basic and relatively sophisticated—which is included in each of the eight sections of which the manual is composed; and particularly the front section which contains the "temporary updates"—information on the latest developments affecting the field of personal finance and investment. At the moment an update on tax levels following passage of the Finance Bill is in production.

For all that the basic information is included, this is not really a work for those who are brand new to the fields (equities, unit trusts and money; commodities; life assurance; fixed interest stocks; building societies and property investment; pensions; and tax) which it covers. It is really too technical. Insofar as any concessions are made to the amateur, it is in the provision of a relatively skimpy bibliography. There is, however, an entertaining account at the start of most sections, of the origin and his-

tory of the industry which it covers; and from these you may glean such fascinating, though useless, snippets of information as the fact that the first company to be granted by Royal Charter the rights previously pertaining to individuals, religious foundations, boroughs or merchant guilds was the Russia Company, in 1553; or the fact that it was not uncommon for early life assurance contracts to be effected on the lives of condemned criminals, purely for financial gain.

The manual is not without its drawbacks. Notably, the hefty section on Estate Duty now looks completely out of date, for all that some of the provisions of the capital transfer tax legislation refer back to the administration of the tax which it has superseded. In fact the publishers say that this section is likely to be dropped at the next major update. While they are in the process of dropping it, it is to be hoped that they will expand the section on CTT, which at present contains the bare essentials—on reliefs, for example, and exemptions—but very little else: no more than the barest mention, for example, of the differing impact

of the tax according to whether the transferor or the transferee is to pay it, and no discussion of the forms of assurance now available to mitigate its impact. Likewise the section on income tax doesn't attempt to explore the position of the self-employed—surely a major source of business, these days, for most professional advisers; and while the impact of taxation on income arising abroad is considered, the application of the foreign exchange control regulations is not.

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change relief

FINANCE SEAS SUB

Invest in the WISE way

A change in relief

WHEN FIRST I started work nearly 25 years ago, in the department of a major composite, the "quill pen and high stool" era was still very evident, although near its end. The records of life policies were contained in large, stiff bound volumes, with the details handwritten in beautiful copper plate. Those volumes, which seemed to weigh a ton, were kept in the centre of a large, open plan office, and every afternoon a bevy of clerks would enter, in red ink, details of those policies on which claims had been settled that day, or where the conditions had been changed.

The impression that lingers from those days is of the placid, orderly way in which people went about their tasks. Life assurance then was subject to only a minimal amount of interference from Governments. Recently I've had occasion to wonder how the industry of those days would have coped with the frequent changes of modern times, most of which come from Government directives or at Government investigation.

Events this week have brought the question still more forcibly to mind, for the new method of getting tax relief on life assurance premiums has now been published. Under the present system, investors pay their premiums gross to the life companies, and claim their tax relief from the Inland Revenue. Under the proposed system, policyholders will pay premiums net of tax to the life companies, so that the question of whether or not they pay tax becomes irrelevant. The life companies will recover the tax element from the Revenue.

Stated like this, it sounds a straightforward operation. Yet



the Life Offices Association, and the Associated Scottish Life Offices, have spent two years in discussing the system's modus operandi with the Revenue. The cost of the changeover, which investors have to pay (however indirectly), is estimated at £10m plus. It has set back the development programmes of the life companies by 12 months, because staff time and efforts have been concentrated elsewhere. Yet all the life company administrators—even the most optimistic—expect chaos next April, when the changeover occurs. Several company chairmen, in their statements for 1977, have been scathingly critical of the changeover for the way it has absorbed time, effort and cost. But the last thing that life companies want now is a change back to the previous system.

Briefly, what is happening is that for every £10 of premium on a regular savings contract, the investor will pay the life company £8.25, and the life company will receive £11.75 from the Revenue. The benefits will be based on the £10 premium, as will commission payments. The LOA and the Revenue have arranged their systems so that recovery of the tax relief by life companies will involve a minimum of delay—very essential with linked business, particularly for the full amount of units has to be purchased at

the time when the premium is paid.

There are some differences in the way the changeover affects industrial life business, where premiums are collected frequently by agents calling at the policyholder's home. Where the premium is small, up to £1 per week or £4 every four weeks, it has been agreed that the companies can increase the benefits they give, instead of collecting smaller premiums. For larger amounts, policyholders have the choice of higher benefits or lower premiums. Incidentally, it is this class of policyholder which will really benefit from the change, since many either do not pay tax or do not bother to claim relief.

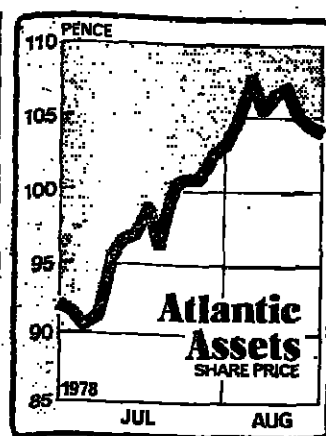
The life assurance industry has a massive education job on its hands, explaining the changeover. But a start has been made. The LOA has produced an explanatory leaflet entitled "A new system for receiving your Life Assurance Tax Relief." I found this explanation clear, concise and in plain terms, as did two of my colleagues less versed in the technicalities of life assurance. But the leaflet is for the use of the member companies of the LOA, so if you want details, you must apply to your life company.

Keyselex complaints

EARLIER THIS week Keyser Ullmann's Jersey-based subsidiary sent out formal documentation on the complex series of proposals by which, one way and another, its three Keyselex sterling feeder funds will become part of Joseph Sebag's Jersey External Trust. Shareholders are being given a formal chance to turn the proposals down, but from the sound of things that isn't likely to happen: Keyser Ullmann says the general reaction has been favourable. And indeed, behind the proposals lies a sensible enough decision to tidy up three trusts too small for comfort—too small for the comfort of the managers, who have had to run them on a fixed proportion of shrinking net assets, but too small for the comfort of shareholders, too, since they have had to carry fixed costs (like trustee fees) despite their declining numbers. Nevertheless, there are one or two matters about which shareholders might reasonably agitate themselves.

In the first place, union with JET will mean a change in the remuneration of their managers. More important, perhaps, though it affects relatively few of those involved, is the fact that while holders of Keyselex Europe and Keyselex International will end up with an underlying portfolio not all that different from that which they have, at the moment—except that their Swiss franc holdings will be heavily diluted with dollars—the holders of Keyselex Japan will end up with something completely different.

There is only one course open to them if they want to stay with the Japanese investment, and that is to tote with their feet by selling their shares. But in that case they would end up realising capital gains which, under the Keyser Ullmann proposals, would otherwise be deferred.



As the graph of Atlantic Assets' share price (above) indicates, there have been stories going round about this company just recently. Yes, today's developments sent them up by a further 8p to 112p.

Atlantic moving South

LIKE HUMAN BEINGS, most companies pass through stages — from the young and fractious to the elderly and sedate. And Atlantic, which is part of the like human beings, by the time latter phase it is all but impossible to imagine them in younger and more energetic days. The investment trust sector, as the whole, is now well past its three score years and ten; and many trusts would have qualified for a telegram from the queen, were she disposed to mark the corporate century. So it comes as something of a shock to find amongst their ranks some trusts still in a phase of rampant growth.

Rothchild Investment Trust is one such: and Atlantic Assets, it appears, is yet another. The big question now, of course, is what the company plans to do with the money? Does the decision to liquidate some mature investments signify that a change of policy is on the way. Atlantic Assets itself says no:

The probability is, however, that a large part of that cash will be reinvested south of the (Canadian) border, thereby providing rather more justification for Atlantic's reputation as a trust with a high exposure in the United States.

Small case of faulty furniture

THREE WEEKS ago, Helen Whitford wrote on this page on the tactics to be adopted by the dissatisfied consumer; and towards the end of her piece she pointed out that the law was available as a last resort, and available now to the private individual acting on his (or her) own behalf, thanks to the simplification of procedure in the county courts. These remarks produced a most unanticipated protest from one reader, who appears to have been one of the very few individuals to have attempted to pursue a small claim through the county courts. We shall call her Mrs. Johnson. This is her story:

At the end of July last year Mrs. Johnson ordered a three-piece suite from a local furniture manufacturer of high repute. She paid a deposit of £200 — just over half the total purchase price — and was told that the suite would be delivered at the beginning of September. In October the first chair arrived for approval; and already it was plain that things were going wrong: by November, when the second chair and the sofa arrived, Mrs. Johnson knew that she had a disaster on her hands. Protracted attempts to have the disaster rectified having failed, she decided — on the advice of her local trading standards officer — to take the manufacturer to court for the return on her deposit.

Now Mrs. Johnson may have been unlucky in her court

officials. She says that they were not unhelpful: it was simply that they were not helpful, either. She asked for the booklet put out by the Lord Chancellor's office, "Small claims in the county court: how to sue and defend actions without a solicitor," and was told, first, that it was not available, and then, that she wasn't to depend upon it anyway. She asked for help with the daunting forms to be filled, and was given to understand that the officials were there to administer the court and not to assist litigants. The summons was issued at the end of December.

Mrs. Johnson is convinced that the defendant's solicitors had advised him to settle out of court, but he determined to see the action through, relying for his defence on a claim that she had continually changed the specifications of the furniture. In consequence Mrs. Johnson now found herself faced with the long and complicated business of entering particulars of the charge and extracting particulars of the defence; of entering and extracting further particulars; of obtaining evidence from an expert witness, and photographs of the offending items of furniture. This far worse than anything which had gone before.

Mrs. Johnson has now recovered her £200, plus some £90 in costs; she has induced the defendant to take his suit away by threatening to put it on the local rubbish dump; and she accepts that justice has been done. But as to justice being seen to be done.

matter further and that it should be settled out of court. She was, therefore, somewhat taken aback when, after a few seconds of incompressible legal chat with the solicitor for the defendant, he announced that a date for the hearing should now be set.

At this point Mrs. Johnson, who had wanted her case heard in open court for the sake of possible publicity, settled for arbitration in the court, at the beginning of May, instead. The arbitration procedures, in themselves, came as something of a shock: she says that the proceedings were hardly directed at all, but that the registrar asked, well into lunch time, for a look at the photographs submitted in evidence, and instantly gave judgment in her favour.

Great was Mrs. Johnson's relief — until it became apparent first, that the mere fact that the defendant had been told to pay up by no means meant that he was legally obliged to do so; and second, that the business of extracting costs is surrounded by legal gobbledygook and red tape far worse than anything which had gone before.

Mrs. Johnson has now recovered her £200, plus some £90 in costs; she has induced the defendant to take his suit away by threatening to put it on the local rubbish dump; and she accepts that justice has been done. But as to justice being seen to be done.

Helen Whitford writes: For any non-lawyer, brushes with the law will inevitably be a daunting business. Simplification of the procedure does not make the process easy and painless, but merely more accessible for those with the will to proceed. For instance, the rules of procedure and evidence, which virtually barred the uninitiated from the proceedings, have now been relaxed — although of course what is informal by comparison with a full-scale court hearing is still not a fireside chat. Cases that are difficult, or that are defended, can always be taken to a solicitor if the going gets too tough, and the amount at stake is worth it. It should, however, be remembered that in most cases things are unlikely to get so far: in fact an astonishingly small proportion of summonses reach the courts.

In my previous article I was mainly dealing with cases where the amount involved was too small for the injured party even to consider employing legal help—particularly cases involving amounts of less than £100, where legal costs are generally not recoverable even if you win. It is for such sums that unscrupulous operators will often withhold satisfaction, simply because they believe that the amount is too small to be worth a court action. But that argument, of course, works both ways; and here calling the bluff will often be worthwhile as such operators must—even if they ignore the original summons — either appear in court to defend their case or lose by default.

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Polygamous pensions

Caution! This off-beat warning is given to pension scheme trustees by the leading pension consultant, Metropolitan Pensions Association, in its latest review of employee benefits.

Pension scheme trusteeship can be full of pitfalls, but one would assume that those arising from polygamous marriages do not feature among them. After all, having two or more wives is illegal in the UK; so presumably having two or more widows is illegal, too. Only it isn't necessarily so, as MPA discovered with one of its clients.

Under what is known as private international law (or more appropriately, conflict of laws), the UK will recognise foreign marriages if they are valid under the legal system of the country in question, and are not objectionable to the UK system. Such situations can arise with people from the Indian sub-continent, where polygamous marriages are not uncommon.



"And didn't she do well!"

The members of many a company pension scheme, should they come from India, Pakistan or Bangladesh, might well prove to have at least two wives, one here in the UK and another back home.

On the death of a member, the lump sum benefit is paid at the discretion of the trustees (for tax reasons). So with two or more claimants the money could be divided, on the Solomon principle. The problem is in fact not unknown with Anglo-Saxon pension schemes members where a legal wife and the man's mistress are both claiming. With the widow's pension, however, it is a much more difficult matter. Most scheme rules simply state that, on the death of a member, a widow's pension will be payable, and give the formula for calculating the amount. A common-law wife, or an ex-wife, has no claim to the widow's pension. But two widows could well claim their full rights.

Solomon

AS TO the solution to the problem, that isn't readily apparent — not if the scheme aims to being fair to all claimants. MPA suggests two alternatives. The first is to give the trustees discretion over the payment of the widow's pension, on the same basis that discretion is given in payment of the lump sum death benefit. But this could produce difficulties in respect of the contracting-out requirement of pension schemes. In that a scheme may qualify for contracted-out status, the widow's pension has to be definitely, not discretionary.

The other solution is to pay a pension, but pay it only to the widow of the first marriage. This avoids contracting-out problems, but it is not fair; and it could involve the trustees in a lot of work. It might be very difficult to ascertain the validity of the first marriage, especially if the woman is living abroad. But the procedures would have to be undertaken in order to determine which of the claimants was the qualifying lady.

How does the Department of Health and Social Security deal with this situation, under the State scheme? It deals with it brilliantly, outperforming Solomon. It pays the pension to the widow of the first marriage. But where there is any problem, it does not pay the benefit to either claimant — a simple, effective, and brutal solution. A company scheme could not afford to be so heartless.

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HOW TO SPEND IT

by Christine Burton

Chin, Chin and Bottoms Up

MICKEY FINN was a barman who worked in Chicago around the turn of the century. He used to lace his customers' drinks with a sedative so that they were then in no state to resist being robbed. But cocktails—of that name or any other—have lost their notoriety: in fact they are currently enjoying a revival.

Harry Harris, barman at the Park Lane Hotel for 47 years, whose long reign has at last been officially recognised with the naming of his refurbished bar as Harry's Bar, confirms this view.

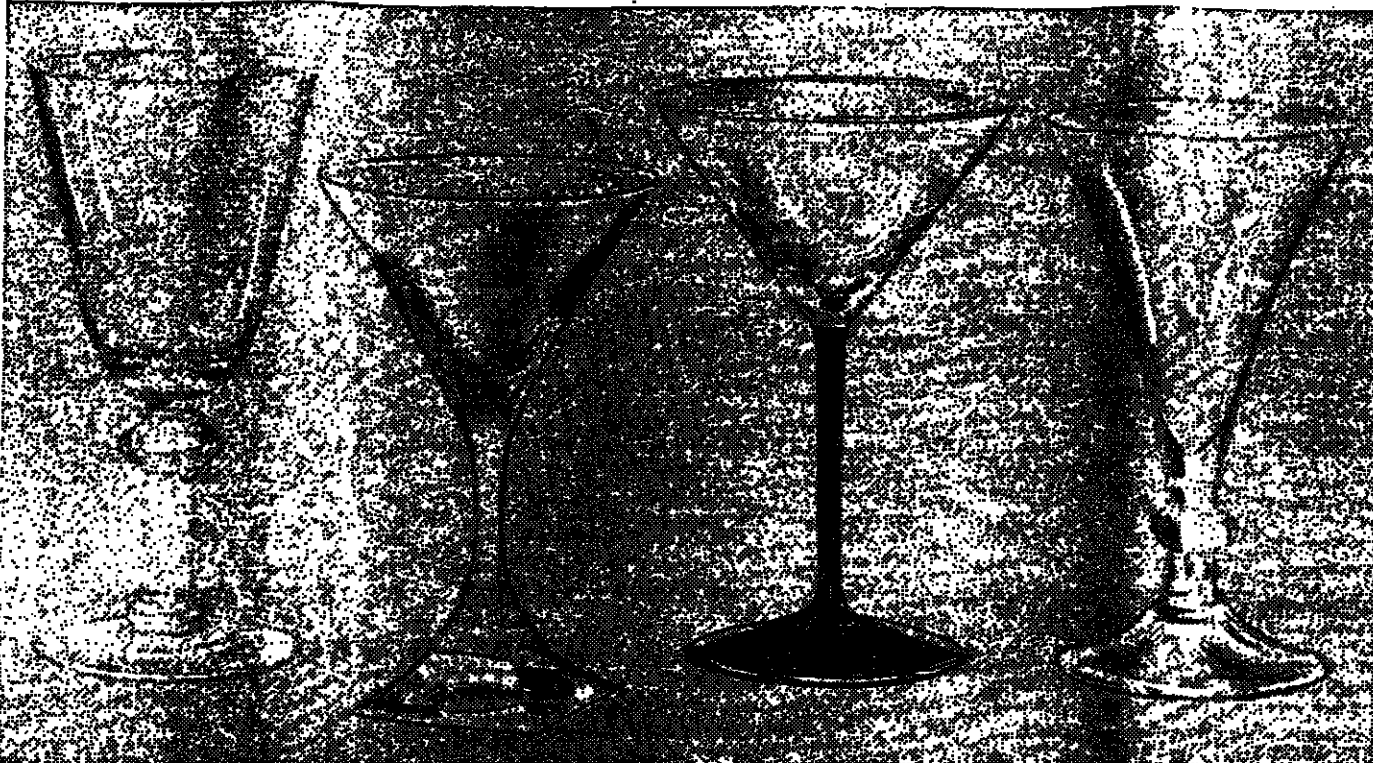
Cocktails, he says, were very popular in the early 1930s but with the advent of war the ingredients became very scarce. A skilled barman could introduce substitutes—like using dry sherry instead of vermouth—but it was the years of austerity when the population was lucky to find even beer that more than anything kicked the cocktail habit.

The Americans, of course, never gave up their dry martinis and those American tourists who find their way into Harry's bar are still devotees of their traditional drink. (Harry's dry martini consists of nine parts gin to one part vermouth—it is transformed into a Gibson with the addition of a cocktail onion.)

His British clientele also tend to be fairly traditional—they like their Champagne Cocktails and their Bucks Fizz. But the younger customers—in their twenties—seem to be more adventurous, although Harry wonders sometimes where they find the money.

Harry prides himself on remembering his customers' individual likes and dislikes: he adapts a mixture to suit. For instance, he reckons that a woman's palate tends to appreciate a drink which is slightly sweeter than a man's.

Sometimes a customer will ask for a recipe and then go home and experiment. Invariably he will complain that his effort tasted nothing like Harry's version. This may well be, Harry says, because "he has done something unspeakable,



These glasses are delightful whether you're drinking cocktails, wine or fruity, summery thirstquenchers. — there's plenty of rim for slices of fruit, mint leaves or whatever. From left to right: Savoy goblet, 7 inches tall, £1.70 from the General Trading

Company, 144 Sloane Street, London SW1 (p and p is 66p for one glass and £1.76 for 6). Heavy, square-based crystal glass from Italy, Arnolfo di Cambio, 6 inches tall it costs £11.25 from Harvey Nichols of Knightsbridge. The real 1920s-type cocktail glass from Ger-

many by Gunther Lambert. This one costs £8.50 but there is also a taller one £9.50 and a smaller narrower glass £8—all have black stems. From Home Works, Dove Walk, London SW1. Finally, a graceful goblet, 6½ inches tall, called Antique, £2.35 from shops in

the John Lewis Partnership. The smaller sizes are wine, £2.10 and sherry £1.85. If there is no John Lewis near you, write to Post Order Department, John Lewis, Oxford Street, London W1 — p and p for a minimum order of six glasses is 85p.

like using lemon squash instead of real lemon juice."

In fact this is one of the cardinal rules of cocktail mixing: if the recipe calls for fruit juice, it means the real thing. And if it calls for lemon juice, cut off a piece of zest, squeeze it over the glass, and drop it in. The tang will last longer than the drink. Any cocktail that requires fruit juice should always be shaken, but if there is no fruit juice, the ingredients should be stirred in a mixing glass and then poured into the glass from which it will be drunk. The crushed ice in the mixing glass is strained off by using a Hawthorn strainer.

When a drink calls for white of egg it is possible to use powdered egg-white: if you

were planning to make a large number of drinks it would eliminate the problem of what to do with all those surplus yolks, but the real thing is always preferable.

Harry reckons that a cocktail shaker is essential—but he says "a blender would do." He considers ideal for the job the Boston shaker—but this disappeared during prohibition. The one he uses now is from William Page of 91 Shaftesbury Avenue, London W1. Made from stainless steel, it costs £14.80 (including VAT and p+p); delivery takes two to three weeks.

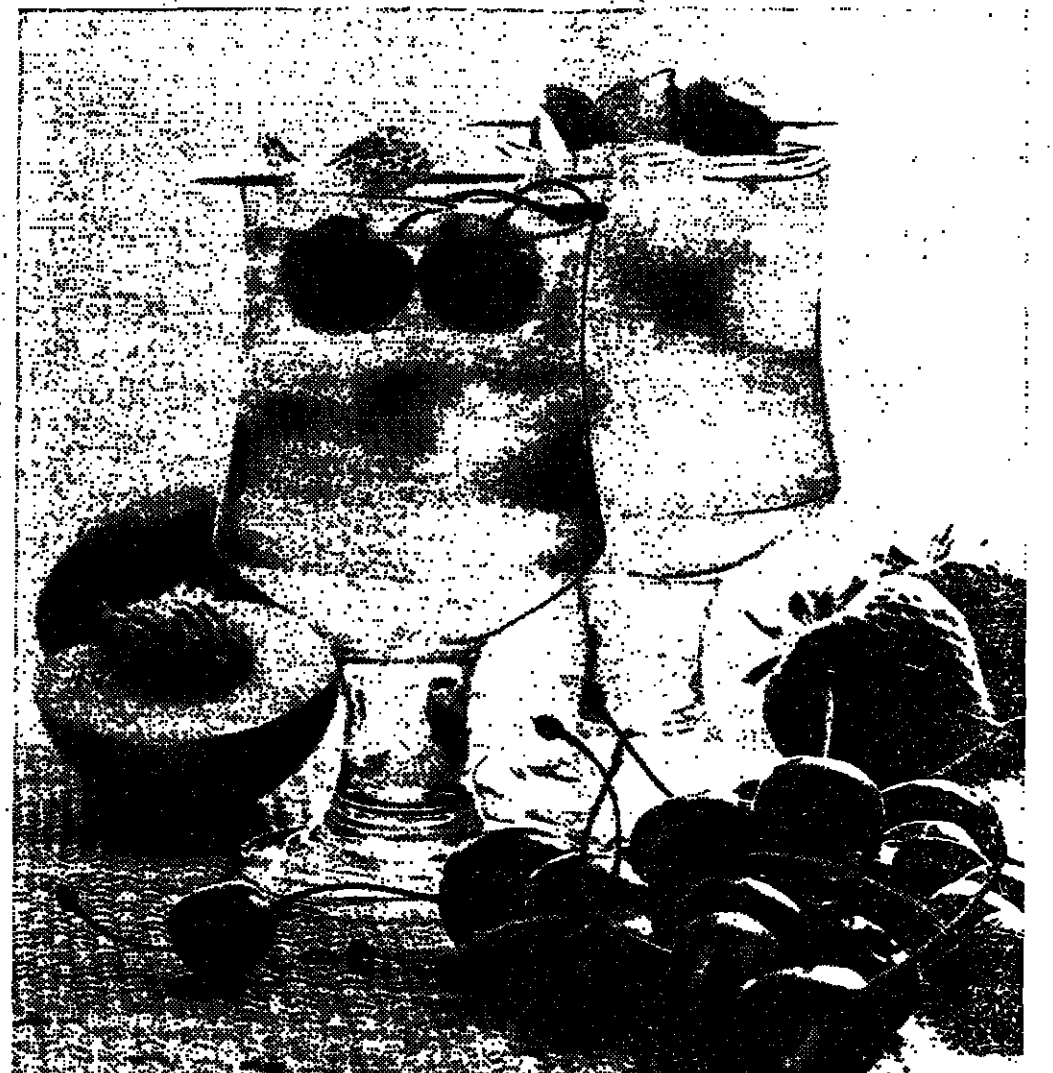
Harry explained which drinks went with which glasses. Tall, straight-sided glasses, which are probably used for lager, are

fine for Pimm's, and John Collins or anything to which soda is added. The shorter squatter versions of those glasses, or the straight-sided wide goblets with short stems can be used for whisky sours, gin fizz, etc., and the triangular short glasses are ideal for sherry and short drinks, or for Clover Club, Sidecar and White Lady.

However, if you're planning a cocktail party, Harry strongly advises that you hire your own glasses and hire more than enough for the number of people invited. But his most important tip is that you hire the barman too. An experienced barman will save you money in the long run, Harry thinks. If

you try to mix cocktails for 30 or 40 people you will be making a lot of hard work for yourself. The barman, on the other hand, will ask you what sort of people you are inviting and will be able to plan the drinks in advance. He will also be able to judge how the party is going and when people get to the merry stage, he will cut down on the hard stuff and increase the fruit juice! Harry reckons that the saving on the consequent spirits bill would very adequately cover the barman's fee.

The UK Bartenders' Guild, 70 Brewer Street, London W1 (tel. 01-437 2113) will put you in touch with a suitable barman; the fee would depend on numbers, venue and the like



Real's took the opportunity at the opening of their new Buzz department to jump on the cocktail bandwagon and asked Jimmy McQuade from Annabel's to create a celebratory drink called—"Buzz". Topped with fresh strawberries, it tasted delicious. This is how to make it: shake up 1 measure of vodka with a dash of Campari and pour over plenty of ice. Add the contents of a baby bottle (4 ozs) of Vostok and decorate with fruit.

And Vostok, in case you haven't come across it yet, is the first mixer to be introduced in Britain for about 25 years. Made by Canada Dry, it is intended to be added to vodka. It is, in itself, non-alcoholic, like all mixers, and for those who prefer non-alcoholic drinks, it adds a certain sparkle to

red grapejuice; or try pouring it over a large bowl of fresh fruit salad. Very pale translucent pink in colour, it is lightly aromatic and tastes fruity; you can ask for it in pubs or buy it from supermarkets—Safeways now and Threshers from the end of August.

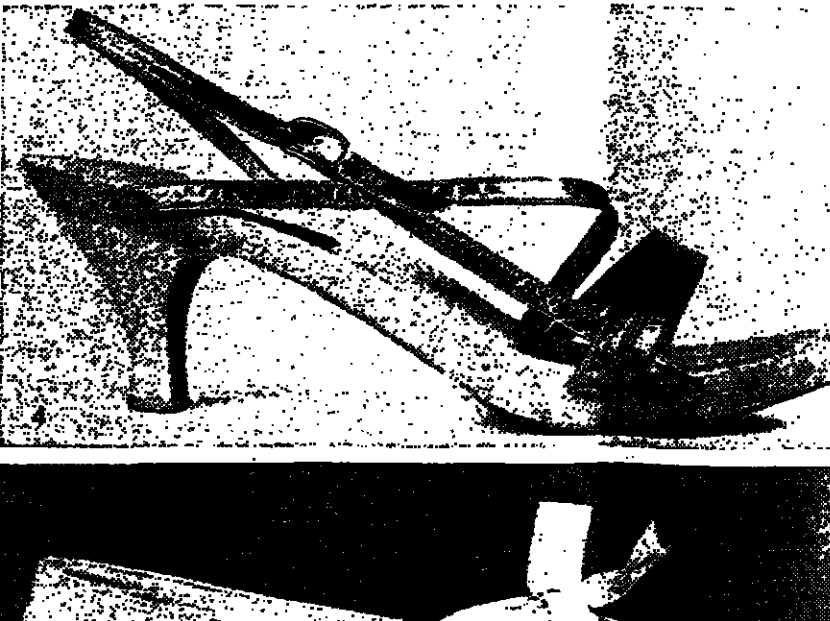
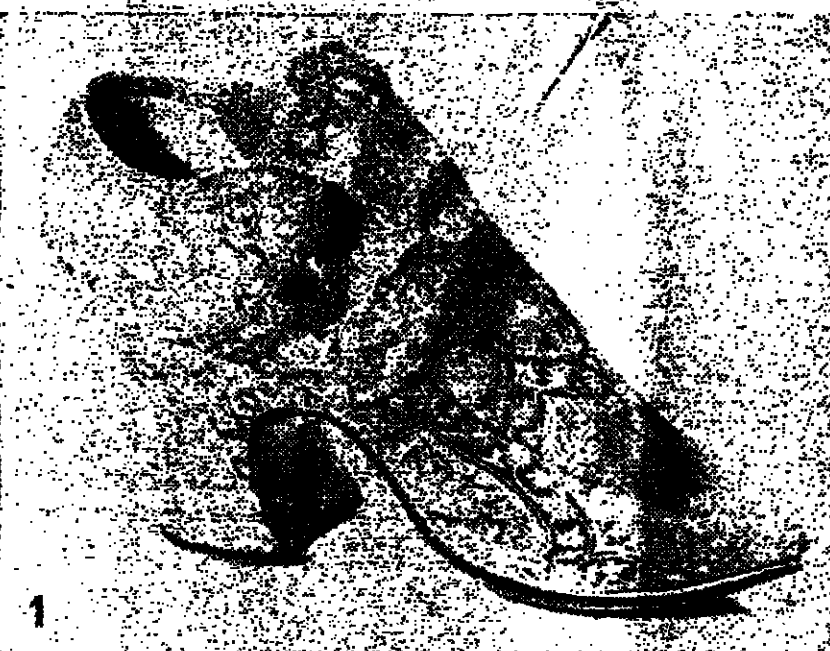
Although the cherries in our photograph are real, Maraschino cherries (from good quality grocers) make a big difference and those with the stalks still on make a drink look really professional. Ople's cocktail cherries complete with stalks are available from Jackson's of Piccadilly, London W1. 8-oz size, 83p (55p p & p), or 16-oz size, £1.49 (£1.10 p & p). Equally delicious but without stalks, they can be bought from branches of Safeways.

but the minimum hourly fee is £8.

A good cocktail for F.T. readers, Harry suggests, is Clover Club, since it turns out may give your name to a cocktail—but not, I hope, in the day of surfing, he would over-imbibe and walk into walls on

Grenadine. Add half the white language. Apparently the

of an egg and shake it all Californian surfer, Tom Harvey, had a liking for a drink composed of orange juice, Experiment enough and you composed of orange juice, After a vodka and Galliano. After a cocktail—but not, I hope, in the day of surfing, he would over-imbibe and walk into walls on



Fashion flashback

HAVE YOU ever noticed in those extravagant productions of restoration and Shakespearean comedies which our two theatre companies do so well, the pretty shoes peeping from the hems of the period costumes? A friend of mine who worked for the National Theatre once let me in on the secret of what happens to the shoes when the play has gone out of the repertoire. I rushed hot-foot to the shop where they were reputed to be sold only to find that the practice had been discontinued a few weeks earlier.

The reason I find these historical shoes and boots so attractive is that they seem to make the feet look like an integral part of the whole

ensemble, rather than, as with so much modern footwear, ungainly appendages. And in turn, a good part of the reason for that, I think, lies in the design of the heel. For instance, look at picture number 1. This shows a lady's figured silk shoe from around 1700. The shape of the toe, of course, would make the shoe uncomfortable, but the (shoe) heel sits neatly under the centre of the (human) heel and provides support where it is needed.

This is not the case with the shoe in picture 2. The very straight heel is perched at the edge of the shoe thus causing the back to curve forward and in turn forcing the wearer's centre of gravity off course. Picture 3 seems to me to be

eminently more wearable. It has gone full-circle, for, although the heel and toe are nearly the same shape as those in picture 1, this bead-embroidered glass kid shoe is 200 years older.

And here we are, bang up-to-date (picture 4) with a sandal which Russell and Bromley romantically describes as having a "lavatory pan heel"—remarkably similar to its historical predecessors. Called Zebra, the sole and heel are wood, and the kid straps come in metallic blue, red, green or pink (£17.99). I have it on good authority too that this type of heel, under the name of the Louis heel, will be widely represented in the spring 1979 collections.

In fact this summer's shoe fashions really bear out the point that old fashions keep on coming back. Stilettoes—unfortunately from the flooring point of view—are with us again, and dead flat shoes which were all the rage in my schooldays, are very much the in-thing now. It seems that while the younger fashion conscious are treading the pavements of Bond Street in their crepe-soled canvas flatties, the lower heels are proving popular with the slightly older generation and those planning to walk a lot.

This ballerina pump (picture 5) is a good example of this season's trend—absolutely flat and made of canvas it comes in cream, red, yellow, pink, blue, black and white. (Booby by

Russell and Bromley, £13.99). Never one renowned for her department, I have avoided the very high, and the very low, heels like the plague. But I do think they can look very attractive and bring greater meaning to the phrase "a well-turned ankle."

Shoe no. 2 is by Meadow Shoes of Norwich. Shoes 1 and 3 are reproduced by permission of C. and J. Clark Ltd. and can be seen, along with many other fascinating examples, at Clark's Shoe Museum, at Street, Somerset. Admission is free, and the museum is open from May 1 to October 30 from 10 am to 1 pm, 2 to 4.45 pm, Monday (except bank holidays) to Friday and on Saturday mornings.



A breath of fresh air

IF YOU'RE a golf widow—and I'm sorry to say that some of my friends are—or if you long for a breath of country air without having to use your car as a base, you may like to know of the recently opened Foxhills Golf and Country Club.

Although it has two golf courses, it has plenty of other facilities to tempt the non-player and it seems to me that a year's subscription would be well worthwhile for the family which likes to be sociable but also likes to have the children along too. It is an ideal place for mothers to meet during the week for a game of tennis or squash or just to enjoy the club house.

The Foxhills estate covers 400 acres of rolling heath and woodland just outside Chertsey (Surrey) is within easy reach of Windsor, Staines, Weybridge, Woking, Camberley and Bagshot and is about an hour's drive from London. The day I visited it was one of the very few beautiful ones we have had this summer and the yellow stonework of the Manor House (now the Country Club) looked very attractive against the blue sky. Built in 1840 in the Jacobean style, the house is approached along a twisting drive through woodland and tall purple rhododendrons.

The two golf courses—opened in 1975—are well established and are of roughly the same length; the 1st and 10th hole of each course is near the clubhouse. There are four playing staff on the golf side headed by Bernard Hunt, the 1975 Ryder Cup captain; and a separate clubhouse with its own restaurant, bar and changing rooms. Casual visitors may also play on these courses but they have to take their turn. The other facilities include six tennis courts; these are described as being all-weather—this means that if the players can stand the weather, the courts can too. There are five squash courts: in the shape of a ball with a one belonged to the manor slice taken off at an angle, the

house, and the other four have been built recently to a very high standard. In the club house are two restaurants—one serving an à la carte menu and the other a quick service grillroom; there is also a dining room which may be hired for private dinners. A bar, a lounge, snooker and pool room and reading room are all on the ground floor.

But it was the grounds in particular that I liked: right outside the bar and lounge is a grassy terrace area which stretches out into woodland. Here will be a practice area for teeing-off and the manager, Geoff Gearing, is starting a jogging track to keep all his members fit. I can scarcely think of a better place to jog, as long as you don't try to keep up with the rabbits.

The mellow brick walls of the former kitchen garden now enclose the swimming pool and paddling pool. Although in the open air, they are heated and the walls with old espalier fruit trees form a welcoming sheltered area. The pool is very close to the changing rooms which also serve the sauna. It is possible to book the sauna for a mixed group.

Grouped around the cobbled

courtyard are facilities for members' children. Membership fees differ for children under 7, under 12, and under 18, and arrangements for them also fall into those categories; a junior club with a den, and a crèche with a qualified nanny who is on duty all day seven days a week.

Because the club only opened officially in July, the management is anxious that it should be run to the members' liking and it is hoped that people will feel free to make suggestions.

There are obviously many different categories of fees, but as an example husband and wife membership (1 golfer) is £245 per annum with an entry fee of £190 for the Golf and Country Club; and £115 per annum, entry fee £60, for husband and wife for the Country Club only.

So if you live within the Surrey / Berkshire / Hampshire borders and are looking for somewhere to relax—or otherwise—without constant supervision of the children, Foxhills would be the place you're looking for. Contact the general manager, Mr. G. A. Gearing, Foxhills Golf and Country Club, Stonehill Road, Ottershaw, Surrey (Tel. Ottershaw 2050).

Tattoo for now

THE Edinburgh Tattoo, that paperweight is very handsome. In clear glass, the base is a deep, purplish blue with a circle of flowers and a larger one in the middle. On the surface of the "slice" is a pip in a kilt surrounded by the words Edinburgh Military Tattoo 1978.

Made by Selkirk Glass, the paperweight is available from Jenner's of Edinburgh or by mail order from The Tattoo Office, Cockburn Street, Edinburgh EH1 1QB, for £75.

Lucia van der Post is on holiday.

COLLECTING/PROPERTY

It's quicker by balloon

BY JUNE FIELD

BALLOONISTS HAVE always been intrepid characters. After the Montgolfier launch in 1783, the big names included Charles Green who died in 1870 at an advanced age. He is credited with 526 ascents, one of the most curious being recorded on July 29, 1828, from the Eagle Tavern, City Road, on the back of a favourite pony. Underneath the balloon was a platform (in place of car), containing places for the pony's feet, and some straps went loosely under his body, to prevent his lying down or moving about. Everything passed off satisfactorily, the balloon descending safely at Beckenham; the pony showed no alarm, but quietly ate some beans which his rider supplied it in the air.

James Tyler (1754-1804), is actually the first person credited as rising into the air from British ground, ascending from the Comely Gardens, Edinburgh, on August 27, 1784, in a fire balloon of his own construction, descending on the road to Restalrig about 1 mile away. He went up without any furnace, being seated in an ordinary basket for carrying earthenware. A fascinating account of his life is given in Sir James Fergusson's *Balloon* (Tyler (Faber and Faber 1972)).

The first fund-raising Lieboast Saturday Balloon Post took place in September 1902, when some 4,000 postcards were dropped from the clouds by a Mr. Gaudron and a Dr. F. A. Barton, the flight taking place at the Old Trafford Botanical Gardens, Manchester. The second flight was organised for August 29, 1903, before which purchasers of the card were recommended to deliver it or send for Balloon Post, Manchester and Salford Lieboast Saturday Fund, 28, John Dalton Street, Manchester.

But the summer that year would appear to have been as uncertain as this one, because a sudden gust of wind swept the balloon into a branch of a tree, causing it to split its side.

Nothing daunted, Mr. Gaudron dropped the cards on the following Saturday at a military fête held in the grounds of Alexander Palace. "Flown" balloon cards are fairly rare, and a few months ago one in Stanley Gibbons' postal history department, at their shop in the Strand, WC2, with a French postmark, was sold for £300. Last year two made £400 and £200 respectively in one of Phillips' antiquarian book sales.

Postcards of the pioneer British aviation era, 1902-14, form a strong collecting category claims Donald Malcolm in an issue of the admirable *Postcard Collectors Gazette*, indispensable aid to the serious delugeophile (from the Greek deluge, a small card, and logos, science or knowledge). In some cases Mr. Malcolm has traced the original photographs taken during the pioneer years, and has produced a scholarly monograph *The Scottish International Aviation Meeting*, Lanark, an account of the first



Balloon Post: 1903 "Life-boat Saturday" card, sold in a Phillips sale.

aviation meeting in Britain in the late summer of 1910, painstakingly researched over two years from philatelic history, the postcards used and local records. Contemporary reports stated that around 100,000 postcards were sold at the meeting, although no cards were actually flown.

The monograph, in a limited edition of 600, won an award at the 1976 Venice International Aerophilatelic Exhibition and another at the Berlin exhibition the following year, and one at the Centenary of U.S. Airmails, Chicago. £2.25 post free from Donald Malcolm, 42 Garry Drive, Paisley, Renfrewshire, Scotland. (The *Postcard Collectors Gazette* is 80p a copy, or £7 for an annual subscription, post free, from the editor, David Pearman, 36 Assinui Hill, London, NW11.) Another equally useful journal is *A. J. Butland's The Postcard Collector's Guide and News*, 37p for one copy, £1.30 for four issues, from 32 Merton Avenue, Upper Stratton, Swindon, Wilts. The current issue illustrates a card of Britain's first military airship "Nulli Secundus", which made its first flight in October, 1907, from Farborough via St. Paul's Cathedral to Crystal Palace with an army lorry following with engineers!

Lanark cards are listed at an average price of £12 in J. H. D. Smith's equally indispensable *IPM Catalogue of Picture Postcards*, with its 3,000 categories, £2.20 post free from 30 Shickley Avenue, Coulsdon, Surrey, while aircraft cards in the 1937-45 range are nearer the 50p mark. New reference books on postcards abound—Sally B. Carver's *The American Postcard Guide* To Tick, an invaluable guide to British collectors as most of the sets listed (aviation, animals, art nouveau, children, houses, etc.), were also sold on the British market, is available by post for £5.25 from Vale, 21 Tranquil Vale, Blackheath, SE3. *Harry Payne, Military Artist 1858-1927*, written and published in a limited edition of 400, by Michael Cane, is a highly professional record of the pioneer of the military Christmas card.

Who needs the money?

BY JOE RENNISON

WANDERING around Cadogan Square the other day, I was accosted by a lady begging for 5p pieces. I thought at first that this was a mendicant nun in modern dress, seeking funds for her church but then she explained that she needed the coins for a parking meter. It is that sort of area. The parking meter in SW whatever plays a great role in people's lives; most inhabitants wouldn't dream of travelling by foot and are perpetually harassed by the problem of getting their usually small but fast cars on to a meter.

It is not an area I particularly like—mainly because of women (not counting the one who looked like a nun). For the most part they wear silk scarves and have loud voices and tend to force one into a corner during conversation.

The reason for being in Cadogan Square was the search for marble halls. August is a great time for looking at marble halls. It seems to me looking back over a particularly bleak and quiet August that I have seen more marble halls than I have had hot dinners. One would have thought that Cadogan Square would be absolutely littered with marble halls, but I could find not a one. Not to put too fine a point on it, I was lost.

The trouble is the original developers and/or the local authority numbered the place in such a perverse manner that a stranger could hardly find his way about. Outwardly there is little to encourage one to pursue excellence the square being a pretentious red brick rectangle full of pseudo-Dutch architectural detail so praised by so many for so little reason. However, it is a push address.

Anyway, I eventually found the place I was looking for which could be very shortly the last private house in the square: or should that be the first private house in the square after such a long time of flat dwelling in once grand mansions?

Number 36 used to be the Korean Embassy and of course was partitioned off and split up to make it a workable office. It was bought a few years ago by

a developer who hung on to it wondering how the market would go after the 1974 disaster but then decided to go ahead and redevelop. He thought about the possibility of splitting it into flats but then out of pride, boldness, craziness or betting on the market or whatever decided to restore it as a single occupation house.

It is a vast, crossing the threshold is like going into an enormous cavern of peace from the hurly-burly of the London streets. It seems to go on and on laterally and horizontally and contains in all 10,000 square feet of floor space.

I tried to get some photographs of the interior of the house, but since there is no furniture it proved a fruitless task. However, apart from the lack of furniture, everything else is there, so that the prospective purchaser only has to buy a few tables and chairs and can move in immediately. All the rooms have been decorated and there are curtains and carpets and light fittings. These are of excellent quality and the effect, particularly on the entrance hall of a carpet specially made to resemble marble tiling, is very effective.

The standard of restoration and decoration throughout is of an extremely high quality. I have only one caveat in that it might be just a little bit too "clean" for a house of this vintage. During its time as an office fortunately none of the plaster mouldings, woodwork or fireplaces were damaged (apart from the fenders on some of the fireplaces which have been matched perfectly). But the basic feel of the house is that it is the Victorians and Edwardians after all work on the principle of if it doesn't move, don't fix it. That is not to say that what has been done is not in absolutely exquisite taste. I simply thought that some wallpaper with cabbage roses and the few flange bits and pieces here and there might have helped one or two of the rooms.

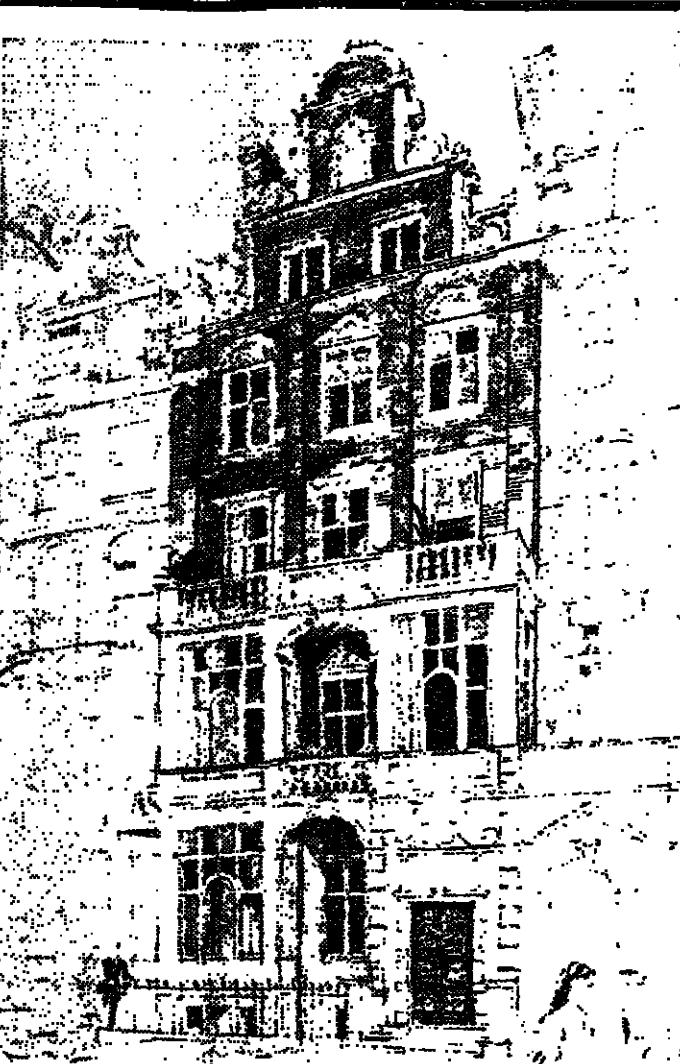
Rat, shock and horror, no marble halls. However, the painters who must have been excellent craftsmen have done a marvellous job in giving the pillars on the impressive staircase and a couple of the walls a marble effect.

So who will buy? There is

not only the house itself but a small meadow across a connecting paved ornamental garden. It would be useless to offer less than 11m. The two properties are being sold as one unit. Obviously the meadows can be used as guest house or as accommodation for servants. This latter alternative would particularly attract the Arabs who I understand, prefer to have their servants living well apart from the rest of the family accommodation.

An Englishman—if there is such a creature these days who can afford this price—no doubt would prefer to have his butler on the premises in case of an urgent need for a whisky and soda. In all, it would make an enormously luxurious and comfortable home. The price is high, the address is right and will no doubt appeal to somebody who doesn't need the money.

The extensive accommodation of the main house provides: A vast hall with galleried staircase; a first floor drawing room mand dining room; a study; a fine library where the original panelling remains; cinema; sauna; communications room with telex; strong room; master bedroom of country house proportions with bathroom and dressing room en suite; a further five principal bedrooms, each with bathroom en suite; also a nursery and nursery kitchenette; a staff suite of two rooms and bathroom; a large fully equipped kitchen; wine store, boiler room and laundry; fully automatic passenger lift; individual heating controls throughout the house. 46, Clabon Mews is one of the quietest streets in the West End. It is being entirely rebuilt to provide a separate luxurious and easily manageable house. Here again, great emphasis has been placed on quality. Mr. Robin Anderson has been commissioned to carry out the interior design which in this case will be bright and modern rather than traditional. The accommodation will consist of an L-shaped reception room (designed as a drawing room, study and dining room); three bedrooms with two bathrooms; a fully equipped kitchen. Lock-up garage for three to four cars. The agents are Knight Frank and Rutley.



Facade of number 36 Cadogan Square. It is on seven floors. For those of you who are counting, no—the artist has not missed one out. The small top floor is at the back overlooking the meadows and cannot be seen from this angle.

What's in a thingummy

They will fall be wanting one soon. In fact, if you have not already got one consider your self a social leper. If your best friends call and ask could they come and use your jacuzzi, it is useless pointing them vaguely in the direction of the loo. Read on and learn.

An unusual flat in Charles Street, Mayfair, is currently being offered (by at least six London agents)—complete with sauna, solarium, swimming pool and jacuzzi.

"There can't be many flats in London with their own jacuzzi," say Chestertons, who have been busy explaining to prospective

purchasers that a jacuzzi is a type of pleasure or therapy bath with hot water jets. Those of us with the more lurid imaginations can think of many past-times. In this instance, the jacuzzi is part of the swimming pool. A Mid-Eastern client, however, needed no explanation.

The luxury flat is on ground and lower ground floors with the swimming pool and split level patio centrally located. There are 4 bedrooms, 4 bathrooms, reception and dining room with views over the pool. £385,000 is asked for the 52 year lease. Chestertons, 75 Grosvenor Street, W1, are one of the many agents.

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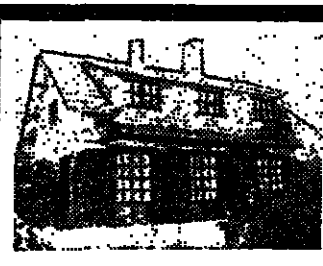
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Saturday August 19 1978

Dollar and the deep blue sea

THERE IS A centuries-old and endless comic routine which goes on these general lines: "Your house has burned down." "That's bad." "But your paintings were saved." "That's good." "Except for the Rembrandt." "That's bad." "But that was over-insured." "That's good." "Except that you forgot to post the premium." "That's bad." "Which is due in tomorrow." "And so on, usque ad nauseam."

Investors may recently have been feeling that they are trapped in a similar scene. The pound is up, but so are prices. Special deposits have been released, but the corset has been extended. Exports are growing, but imports are growing much faster. Output is rising, but profits look flat. It is, as so often in August, a good time to be on holiday.

Pressures

Making sense of this confused scene does not unfortunately lead to any very firm conclusions. The central feature remains what it has been for some weeks—the state of the dollar. The sharp recovery in mid-week was a reminder that the dollar is now very competitively valued indeed in real terms; but its subsequent weakness witnesses the market pressures still ready to depress the rate in the absence of any new policy moves in Washington.

The underlying situation in the U.S. is probably improving quite strongly. Output is beginning to near the limits of capacity in some industries, which will reduce the temptation to continue with the fiscal and monetary excesses which have led to the collapse of the dollar. There are signs that energy is now being more economically used, and the wave of inward investment will in due course offset domestic substitutes for manufactured imports. The current account is likely to improve sharply when tighter money and inward investment are working together.

For the time being, however, the dollar is suffering some of the strains which so depressed sterling in 1976. For the UK, dollar weakness ought to imply strong financial markets and falling interest rates; but for the moment at least there is too much uncertainty to allow this happy result to emerge. The unexpected strength of bank loan demand has put the authorities in something of a quandary: the fear that the money supply may tend to grow well above the official target range. The Bank of England has resisted the fall in market interest rates and in setting its own minimum lending rate, and has extended the "corset" restriction on the

growth of bank deposits for a full year. All this looks as bearish as the dollar situation looks bullish, and the markets have simply drifted uneasily.

The markets are right to be cautious: the outlook for wages, profits and growth are all far too uncertain to justify a firm bull position. On the other hand, current worries about prices, the balance of payments and the money supply are probably overdone.

The August price index, so far from representing a return of high inflation rates, shows a surprisingly low year-on-year rise compared with wage costs; but the trade figures, which show consumer and manufactured imports growing nearly three times as fast as domestic demand, help to explain this gap. Our market is more and more open to import competition with every year that passes, and competitive pressures force UK manufacturers either to absorb part of the rise in wage costs (which in any case over-stated in the June earnings figures due to a bunching of back-payments) or to justify them through real increases in productivity. Output is still lagging well behind the recovery in home demand, but when it does get going—and the rise both in bank lending and in stock levels seem to promise further growth—the cyclical recovery in productivity could be quite sharp.

Immovable

The fear of a long, constricting monetary squeeze remains, for the authorities have certainly shown determination in this week's measures; but although the Bank of England makes quite a convincing immovable object, the evidence that credit demand is an irresistible force destined to collide with it is much less convincing. There are at least three reasons why credit demand may have been abnormally high in recent months. First, the extreme tightness in the money market drove rates for interbank credit to the point where "round tripping"—borrowing on overdraft to re-lend in the money market—was profitable, and some no doubt escaped the vigilance of the banks. Second, there has been a build-up of stocks which has caused an unexpected bump both in the import and the borrowing figures, but such a trend has its limits. Third, the pick-up in house sales must have required bridging finance. There is a good chance that future strains on monetary policy will be much less; and with margins under pressure, that suggests attention to gilts as much as to equities.

MOST PEOPLE would probably say that they do not want a computer in their living room, even if it were given to them. They would not know what to do with it.

Nevertheless, several multinational companies are now investing large sums on the assumption that home computers will soon become an accepted consumer item alongside the television, hi-fi, home movies and the other electronic companions of our leisure.

The new living-room computers will not be toys for grown-ups, nor on the other hand, will they be mainly aimed at enthusiasts with soldering irons and complicated instruction manuals. They will be powerful, complete systems of a type which universities were proud to own 10 years ago at a cost of £50,000 to £100,000.

By the time they appear in the shops, probably in three years' time, home computers will have shrunk to the size of a portable television set with a small keyboard attached. The price of a medium-powered system will be about the same as that of a colour television. By the end of the next decade, it is likely that the price will have fallen to a level where many children will expect to be given home computers for Christmas.

This startling reduction in price, which will result from improved semiconductor technology, raises in even more acute form the question: "What use could they possibly be?" The marketing men tend to answer by analogy: they recall that few people foresaw that the hand-held calculator would create for itself a universal need. And then they say, both colour television and stereo-phonics recording were considered to be too expensive for a mass market and not really necessary in the early years of their development.

But probably a more powerful argument for the spread of personal computers is that it is already happening, mainly in the U.S., where more than 1,000 retail computer stores cater for a market expected to reach \$40m this year and rise rapidly to about \$380m by 1980.

Even in the UK, where prices are higher and general awareness of computers is less advanced, the first stirrings of a new market can be seen. Commodore business machines is now selling 25 to 30 of its PET machines a day. The PET, costing about £700, is the first complete computer system aimed at the ordinary consumer, about 10,000 have been sold so far, including 3,000 in Europe. However, IIT is following quickly with a rather more powerful Apple computer which can be connected to a domestic colour television set. Several other manufacturers offer computers for as little as £200, but most of this equipment is only suitable for hobbyists who enjoy



The living-room computer: potential uses range from learning the data-processing trade to suggesting recipes.

experimenting with new computer types and programs.

The technological stage is, however, being set for the marketing of a powerful new product at a price which most people could afford if they wanted it. So the intriguing questions still remain: will they want it? What possible use could we all have for a living room computer with power enough to solve problems of astronomical complexity?

Just like chess

The answer beginning to emerge from the U.S. is that people will buy the same computers for a wide variety of motives. Some will buy them for fun, because as the electronics becomes more complicated, programming can be made easier and more enjoyable. (This is because the computer itself can be made to do some of the routine drudgery of programming.) Therefore some adults and many teenagers are already using micro-computers for pure recreation. They enjoy the challenge of programming just as others enjoy playing chess.

Parents will probably buy home computers for high school children taking courses in the subject just as they now buy musical instruments or programmable calculators.

However, the wider public will probably be interested so much in how the programs work as in what they can do. The capabilities appear to be splitting into three categories: pre-programmed games, pre-programmed educational courses (such as elementary maths or accounting) and general busi-

ness types of application.

Programmed television games are already being sold by companies like Fairchild, the U.S. semiconductor maker, for use with a specialised micro-computer unit which is connected to a television set. These micro-computer units are much more versatile than the cheaper units, which are limited to about half a dozen different games.

The micro-computer based units, costing about £120, are really the embryonic form of a complete home computer because they could, in theory, be programmed for any game for almost any task.

The third category of use will be for household accounting, calculations of mortgage repayments, the filing of income-tax details and even, it has been suggested, the organisation of a housewife's deep freezer and recipe suggestions.

Although it is unlikely that many housewives will want to spend long periods at a computer keyboard as part of their daily routine, it is probable that home computers will find a substantial niche amongst very small businessmen and shopkeepers for general filing, accounting and stock control. Clubs and voluntary organisations will be able to afford them for similar tasks, and professionals such as doctors could well find in them a simple and convenient method of record-keeping.

The potential is therefore very large if only the manufacturers can make the program simple enough for ordinary people to understand.

Indeed, programming or "software" is now increasingly recognised as being equally important to the design of the actual machines in the future marketing struggle. Texas

Instruments, for example, is or "computer on a postage believed to have more than 200 programmers working in great secrecy at its plant in Lubbock, Texas, preparing programs for the launch of its home computer.

The rapid emergence of personal computing can be estimated from the fact that no fewer than nine magazines have now been established to cover the subject, including one, Personal Computer World, which is published in the UK. Clearly, at £700 to more than £1,000, a living room computer is still too expensive to appeal to more than a limited range of consumers. Indeed, between 70 per cent and 80 per cent of Commodore's PETs have been bought by small businesses, schools or universities.

Even the private person who can think of an obvious use for a computer may not be able to afford one at current prices. However, many observers believe that a price war will soon break out when, as happened with calculators, large semiconductor manufacturers move into the market with prices and products geared single-mindedly to mass production. Texas Instruments, which had such a decisive influence on the prices of digital watches and calculators, is now investing heavily in the development of a personal computer. It will not doubt be followed by other manufacturers, including the Japanese.

Texas Instruments will almost certainly follow its previous form by aiming at a rapid build-up of sales to the general consumer through high street stores, rather than concentrating only on specialist shops. This next generation of personal computer will be based, like its immediate predecessors, on a powerful micro-processor in different sequences.

Limited use

However, the use of a PET or similar computer is limited by the fact that it relies on a cassette tape recorder for external memory. Tape recorded data can only be fed into the machine sequentially at a relatively slow rate. This means that the computer cannot pick and choose from different parts of the stored information. A tape is good for a step-by-step educational programme, but not very good for processing household or business accounts which may need to be re-assembled rapidly in different sequences.

For this reason, the next generation of small computers will almost certainly be fitted with mini-discs, which look rather like gramophone records. The difference is that the computer can move in a few thousandths of a second to any track on the disc to pick out the stored information or to record new data at that part of the file.

At present, the smallest disks can hold the equivalent of about 16,000 words, or about eight leader-page articles from the Financial Times. With a suitable indexing system, any one of those words could be flashed onto the computer's screen almost instantaneously.

At the moment such mini-discs are relatively expensive at about \$250, but prices are continually falling under the influence of technical advance and mass production.

The other expensive item needed for a flexible consumer package is a printer, which would enable the computer to type letters or other documents. Whereas disk units will soon be standard on all the better machines, printers will probably remain as optional extras at a cost of a few hundred pounds for the small shopkeeper or business user.

Because of the high cost and complexity of programming, only relatively large companies are likely to be able to enter the home computer market in which the launch cost of a single product could be over \$2m. It is also likely that the UK will continue to be dependent on technology imported from the U.S., since that is where the large market is.

However, the Post Office's Prestel service could have an important influence on home computing in both countries. The system allows a modified television set to be connected by telephone network to a central Post Office computer which can supply information from thousands of electronically stored "pages."

The Prestel idea is creating a great deal of interest in the U.S. (although it has not been officially adopted by any telephone authority) because it would allow small computers, including home computers, to plug in to larger machines via the telephone service. The central computers could also store a library of programs which would give tremendous extra power to any living room computer capable of being connected up to it.

The possibilities which can already be envisaged are therefore very wide. But as the price falls nearer to an acceptable level for consumers, many ingenious and unexpected applications are certain to be discovered.

Analysts predict a world market of 2.7m units representing perhaps \$1bn by 1981. So the stakes are very high.

Letters to the Editor

Production

From Mr. E. Stamford

Sir—Something about the table of figures (on page 2) of August 11, suggested that they should be grouped in a different way, i.e. under countries. I did this and the result is as follows:

Com-
Passenger motor
cars vehicles
UK 1,320,431 375,685
France 3,078,592 377,698
W. Germany 3,885,710 370,338
Italy 1,401,825 143,447

Hardly a day passes without there being a strike in some part of our car industry, but from the publicity which the industry gets, one assumes that it is our major production effort each year. If that is so, why do we lag far behind the other countries, when even Italy produces more cars, and West Germany produces more commercial vehicles, which are supposed to be our substitute production.

It is not time that we gave more prominence to the industries which are actually leading the world, in which pay their way in the world?

Edward Stamford,

New Stomach, Frensham Road,

Rotherham Lane,

Kent TN17 4NJ.

Industry

From the Managing Director,

Mekale Export

Sir—Two weeks ago we had an urgent order from a customer in the Seychelles for a machine part to be rushed out to him by air. We rang the manufacturer, who was unable to supply it because the factory was on holiday. Last week the factory re-opened and the parts manager came back to us with a query which necessitated our contacting our customer in the Seychelles.

The telephone service between the UK and the Seychelles was of course out of action on account of the GPO telephone engineers' dispute, so I took three days to get a reply to the query.

Eventually we obtained the part and rushed it down to Heathrow late on Friday evening to catch the Saturday flight, only to discover that British Airways was not accepting any more cargo until the following week because of the backlog caused by a labour dispute.

On August 15 the piece was

finally accepted by British Airways for dispatch the following day. I have just telephoned to make absolutely sure that it will definitely be on the flight, only to be told that no cargo at all will go on that particular flight because it is one of 10 flights affected by a drivers' strike. Is this a record?

Next year we are going into the import business.

P. H. Verstage,

18, Doughty Street, WC1.

Charities

From the Public Relations

Manager, Chef and Brewer.

Sir—Arising from Mr. M. Charliss's letter (Cut-price Christmas post for cards—each year, if that is so, why do we lag far behind the other countries, when even Italy produces more cars, and West Germany produces more commercial vehicles, which are supposed to be our substitute production.

A number of worthy charities produce their own cards for Christmas and derive valuable income from their sale. If the Post Office was to issue a special charity stamp of, say, 5p denomination—purchased by the charities from the GPO at cost for sale with their cards to the general public on a strictly "one card, one stamp" basis—surely it would win itself great good will and at the same time encourage people to buy charity cards rather than others.

R. B. Sawrey-Cookson,

Chef and Brewer,

2, Canton Street, SW1.

Gradely

From Mr. R. Tiffin

Sir—In the article by James Bartholomew (August 16) concerning Lord Grade's pay rise of 253 per cent, reference is made to Mr. E. V. Waller, chairman of Adwest, having received £122,369 last year.

This simply is not true and while his entitlement was £122,369 (of which he is worth every penny as the record of the company shows), the amount payable to Mr. Waller of £48,500 is equivalent to take home pay of £14,645.

So just how little Lord Grade and the chairman of Shell, BP and ICI actually received is anybody's guess but the miracle of the fact that a few such brilliant men who are prepared to stay here in spite of the

thoroughly iniquitous system of the present incentive-killing Government.

R. K. Tippin,

7, Lakeside, Darlington.

Complacency

From Mrs. E. Davidson

Sir—Perhaps William Bree (August 4) deputy director of the British Institute of Management is drawing the wrong conclusions from his membership figures and the fact that there are only 704 women members of BIM could perhaps be due to the fact that the other 57,500 members contain a large proportion of the male chauvinists that women have to contend with, as they share the hazards of managerial life.

Still, I must agree that such essentials as workshop practice courses are only offered by external bodies such as the Armed Forces, which are run during the summer vacations and are not generally well publicised. (Having attended one such course I can safely say that the women handle the drill, lathe and hammer just as efficiently as the men!)

So many people are outwardly very encouraged to see women coming into these fields but there are those who remain sceptical of our managers' potential. One comment recently published in your management column was that women were considered hard workers but lacking in global vision, but surely those who believe this are themselves lacking vision by making such over-generalities? Just like men, we do not all act and think similarly.

It must be such "lack of vision" by management that has caused the present stagnation of our manufacturing industry!

Angela M. Games (Miss)

Undergraduate University of

Liverpool

Broomwood Gardens,

Brentwood, Essex.

Bureaucracy

From Mr. M. Titchener

Sir—Your correspondent, Mr. D. Lewis (August 14), is highly critical of the licensing arrangements within the Consumer Credit Act. I consider that he should feel himself fortunate that up till now the licensing regulations appear to be his initial involvement with this ponderous and overweight example of Parliamentary and departmental bureaucracy.

The Act passed through Parliament over four years ago but still remains a long way from total enactment, with talk already of amending legislation. The licensing regulations are compared with many to come, relatively simple and painless. The cost of a licence may

perhaps be chicken feed when compared with costs faced by the credit industry and, until further sections are introduced, the "truth in lending" areas are prime examples of long, involved and, in some cases, virtually incomprehensible regulations which, while conceived with good intent, have been born with such complication that death at birth would have been a happier conclusion. Mr. Lewis's reference to the "true interest rate" is a simplification of the draft regulations as is his suggested method of dealing with dishonest traders. Also, the inclusion of compulsory ancillary charges is a fact for certain types of credit advances. History has shown that some statutory control over credit grantors and associated business is very necessary. With the Consumer Credit Act, however, the politicians have taken a sledge-hammer of mammoth proportions to crack a nut. Unfortunately, it will be the credit industry and the public who will have to pay to pick up the pieces.

M. P. Titchener,

11, Loderick, Shoburyness,

Essex.

Trading

From the Director, Public

Relations, Post Office

Sir—Mr. Kramers (August 11) writes that because of Post Office policies fewer firms, particularly smaller companies, are trading by mail order and the volume of parcel post is declining. This is not so. Mail order continues to grow faster than other sectors of the retail trade and I am happy to say that the volume of Royal Mail parcels has shown significant growth over the past year and I have every confidence that the upward trend will continue.

Mr. Kramers suggests that the "decline" may be attributed to the absence of cheap rates for printed material posted in bulk—particularly direct mail advertisements. No so. The Post Office offer a range of facilities to help small or large firms trade by post.

Rebates of postage are possible for bulk postings of as little as 4,250 items. Advantageous can be arranged for Royal Mail parcel distribution are available for firms posting as few as A. M. Barton,

50 parcels per week. Freepost or 22, Cliff Court Drive,

business reply services encourage

Franchay, Bristol.

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Supersonic assault on the land record

BY JOHN GRIFFITHS

THE LAND speed record is a measure of man's assault on two of nature's most essential mysteries: speed and time. But those who have actually attempted the record have a deeper feeling—very difficult to express—of what it means to go faster than any man on earth. When you climb into the cockpit, you're every man in the world.

Those words, melodramatic but providing a pointer to the fascination the land speed record holds for the men who go after it, are those of Gary Gabelich, a Californian. He is well qualified to utter them: seven years ago he fired the 58,000 brake horsepower liquid fuel rocket powering Blue Flame and streaked across the Bonneville salt flats to the current world land speed record of 622.407 mph.

Americans have held the speed record since 1963. But now a British team, led by a 32-year-old Londoner, Richard Noble, with an unlikely career background of marketing rather than mechanics, is rapidly advancing plans to bring the record back to the UK.

The measured mile is littered with the wreckage of ill-conceived, under-engineered or simply unlucky projects, with disappointed hopes and disillusioned sponsors. Thus the odds against Noble, whose working life is spent as overseas manager for GKN Mills Building Services Far East Africa and Comcon operations, looked extremely long when, unqualified but "determined to have a go at the LSR since the year dot," he first launched Project Thrust nearly three years ago.

His target was to achieve 850 mph and the first supersonic record.

Having harnessed the support of British Aerospace, British Airways, TI Reynolds, British Timken and a number of other UK companies, Noble is finding the odds, though still long, shortening quickly.

Prepared for the scepticism of companies currently inundated by sponsorship requests for a wetter of activities, Noble decided it was a waste of time trying to pick up a large corporate cheque and working onwards from there.

Instead, a three-phase project was devised: three cars would be built, each faster than the last. The project would culminate in an attack on the 850 mph mark by Thrust III in 1982. As the project took shape, so Noble would take specific proposals to potential sponsors for technical help and components as much as for cash.

The approach has worked, despite the disaster which overtook Thrust I when the car, powered by a \$800,000 Rolls-Royce Derwent engine from a Meteor fighter demolished itself in a 140 mph triple run at RAF Fairford in March, 1977. A wheel bearing had failed. Noble, who escaped unhurt, recalls ruefully that "we sold it for £200 to a scrapyard on the way home."

Next week, T. I. Reynolds intends to start building Thrust II's 27 ft long, 4-ton frame containing 750 ft of tubing at the company's plant in Birmingham. British Aerospace has recently completed wind-tunnel testing of Thrust II and provisional results indicated a drag coefficient of 0.34—better than hoped and a potential speed of some 30 mph higher than the 800 mph design target.

Thrust II was conceived primarily as both a research and a publicity vehicle to prepare the ground for the £1.5m supersonic car. It must be the only 600 mph car with a passenger seat for someone really interested, such as a test engineer. But as a result of the wind tunnel tests the team may now use this car to take a crack at Gabelich's record next year. However, Noble's main target will remain to be first through the sound barrier with Thrust III.

The engine originally in-

tended to power Thrust II, a

Rolls-Royce Avon 21001 engine

of 15,000 lbs thrust from an

RAF Lightning fighter—pro-

vided by the RAF "at a reason-

able price" after Noble had

given a lecture to senior officers

on the project—may be re-

placed by a 301 series Avon

boosted to give 25 per cent more

power.

British Timken is carrying

out research and development

on, and will provide, the wheel

bearings. The fate of Thrust I

shows how important they are.

The aerodynamics are designed

for strong downthrust—cars

becoming airborne have killed

more than one would-be record

holder—and the bearings must

be able to cope with extremely

high loadings: from the car's

laden weight of four tons, magni-

fied by the downthrust; with

the pounding to be expected

from an uneven surface; and

with the high speed of the

wheels themselves. The wheels would be turning at 12,000 revolutions per minute at the 850 mph target speed.

The wheels are being built by Wolfrace, one of the larger UK alloy road wheel manufacturers. Aircraft tyres will be used for lower-speed demonstration runs, but Barry Tracey, Wolfrace's enthusiastic managing director, has undertaken to build special wheels, probably with titanium rims instead of tyres, for higher speeds and the attempt to go supersonic.

Norman, working on hovercraft:

an engineer with Dornier on the

A300 Airbus, and structural

designer to Audi on the Audi

550 project. By 1978 Ackroyd

was managing director of the

Enfield Automotive Company,

makers of the Enfield electric

car, moving to Messerschmitt

in Germany when the current

impasse in battery technology

finally killed the project.

Ackroyd returned to his Isle

of Wight home to take over the

project in May this year. The

specification of Thrust II has

evolved since then, incorporat-

ing a continuing series of modi-

fications producing what is now

essentially the final design: a

twin-timed projectile with

driver and any passenger sit-

ting on either side of the engine

and possessing a power-to-

weight ratio greater than a

RAF Phantom.

Options are being kept open

on the supersonic car. If the

team decides on another jet car,

the engine is likely to be a

Rolls-Royce Spey of 20,000lb

thrust and the car would be

larger yet than Thrust II. The

other option is to follow the

Gabelich route and use a rocket

—the Bristol-Siddeley Stentor

rocket that powered Blue Steel

is a likely candidate. A rocket

has the advantage of allowing

a narrow fuselage, "but the

problem is its instability of

function," Noble says, recalling

how once before the tail of

America's experimental X-15

altered.

While Ackroyd hammered out

the design, Noble spent nearly

as much time hammering on

sponsors' doors. "Initially, we

got plenty of 'yes, we are very

interested, but... letters,"

Noble recalls. He responded

by phoning chairmen direct,

and the ball began rolling. The

Daily Express offered a stand

at last year's Motorfair. GKN,

supported by Arabs and Euro-

peans alike.

Sailing can be difficult in the

Gulf because of fickle winds—or

lack of wind. So offshore yachts

are few and far between. Most

"string and stick" enthusiasts

are finding their fun with

dinghy racing. But the power-

boat market is apparently limit-

less with interest in everything

from outboard-powered run-

abouts up to luxury yachts of

several hundred tonnes.

European yachtsmen search-

ing for a berth in over-crowded

harbours and marinas will envy

the Kuwaitis. They have a vir-

tually continuous season and

the government is also trying to

encourage people to take their

holidays within the country by

installing new facilities for

pleasure boating. Five new

marinas have been built and

are being managed by Touristic

Enterprises, a government-

owned agency. Designed by a

Canadian company and built by

Yugoslavs these marinas have

been opened over the last year

a nd are each capable of berth-

ing more than 250 boats.

More than 10,000 aspiring

sailors have already taken out

membership of the clubs

attached to each marina. So far,

however, only a small propor-

tion of them actually have

boats. The marinas are ex-

pected to fill up over the next

two to three years as yachts

are purchased. The Australians

have been quick to spot this

potential market and are hold-

ing a boat show exclusively for

Australian boat builders at the

Hilton Marina, Kuwait next

February.

The wealthiest residents, in-

cluding members of the ruling

family and principal ministers,

already own some impressive

motor yachts which are berthed

in private yacht harbours along

the Kuwait coastline. Some of

the yachts are from British,

American, and Italian yards. A

few owners prefer to remain

faithful to the traditional dom-

est converted at considerable ex-

pense into cruising yachts.

Kuwait must currently offer

one of the best concentrated

markets in the world for luxury

yachts. One new marina is

being planned to contain 100

berths for yachts of up to 110

feet overall length.

Bahrain, cosmopolitan by the

standards of the Gulf, already

has a fleet of more than 2,000

power boats. There are plans

afloat for a new marina which

the Government will assist by

contributing to land reclamation

work. Like Kuwait the provi-

sion of "parking space" for ex-

pensive power boats is expected

to be followed by a sale boom

among local administrators and

businessmen.

Hopkinson noted after his

tour of the Gulf ports "There

can be no doubt that a luxury

motor yacht is becoming an

essential possession of the top

sphere of successful men

throughout the Gulf states."

In the deep-water Dubai

creek which has been a prime

trading harbour for the Gulf

for many centuries, modern

motor cruisers now rub

shoulders with the big dhows

which still make regular voy-

ages to India and Pakistan

with passengers and cargo.

Here again marina plans are

in the air. It seems likely that

a marina will be built in the

creek. Sharjah, a member of

the United Arab Emirates like

Dubai, has a marina basin

dedged out at the Marbella

Club near the Holiday Inn. It

is not yet equipped with pon-

toons but when it is completed

a local surge in the sales of

motor cruisers is expected. Mr.

Fred Pittner, an American

living in Sharjah, is keen to

arrange a boat show.

The pleasure boat market in

Abu Dhabi is already active

enough to support 10 boat

and chandlery dealers. After

Kuwait, Abu Dhabi is reckoned

to be the most active market

for pleasure boats in the Gulf.

Three new boat dealers have

established showrooms there

this year.

One unexpected hazard

in the coastal waters of the

Gulf off the Arab states appears

to be running aground. One

proud owner of a new 50-footer

ran out of water at speed on

the yacht's maiden voyage. He

promptly had her replaced by

an identical model!

Meal

ticket

MORE THAN 150 people from

Weybridge (stockbrokers all?)

have said they would be in-

terested in flying to Greenwich,

Connecticut early in October

for a free dinner!

John Laverack, 37, owner of

Berkleys restaurant in Wey-

bridge, is opening a new branch

in Greenwich, and has opened

a list of people willing to be at

the opening night. He said:

"Anybody who has lunch in



Chief designer John Ackroyd (left) and driver and project leader Richard Noble examine a mock-up of the Thrust II in British Aerospace's wind tunnel at Filton.

British Airways, British Timken

Noble admits that a consider-

able amount of money is yet to

be found for ancillaries and

operating after completion.

When, or perhaps if, Thrust

III gets under way—for Noble

is aware that the risks entailed

in a mishap at 600 mph are

not small—it is likely to be

breaking entirely new ground

in the critical 750 mph area of

the sound barrier. British

Aerospace's transonic wind-

tunnel at Filton will be used to

INCHES

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Financial Times Saturday August 19 1978

Friday, August 18	5,679	Wednesday, August 16	5,666	Monday, August 14	5,818
Thursday, August 17	4,997	Tuesday, August 15	5,047	Friday, August 11	6,064

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The price can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. The highest number is 21. It is the number of dealings in the section. Stock Exchange securities are quoted in pounds and shillings of pounds or in pence and fractions of pence.

The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List. The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List. The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List.

Case, and the list cannot, therefore, be regarded as a complete record of the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List. The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List.

List up to 2.35 p.m. only, but later transactions can be included in the following section. The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List. The price at which the price at which bargains were by members of The Stock Exchange have been recorded in The Stock Exchange Daily List.

in 6/8 or pence to members of the public. Markings are not necessary in order of execution, and only one bargain in any one security at any one time.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

[illegible]

DOLLS-ROYCE MOTORS was Christopher Humberston

[illegible]

K TOP 20 (homes viewing
evening Night Out [Thames])

[illegible]

Here's how it's done!

[illegible]

1. 4010 3850 310 70 410 1971 S
6 3960 4020 400 3980 402 1 SW

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the 1990s, the number of people in the world who are under 15 years of age is expected to increase by 1.2 billion, from 1.1 billion in 1990 to 2.3 billion in 2010. The number of people aged 65 and over is expected to increase by 1.2 billion, from 0.4 billion in 1990 to 1.6 billion in 2010. The number of people aged 15-64 is expected to increase by 1.1 billion, from 1.1 billion in 1990 to 2.2 billion in 2010. The number of people aged 65 and over is expected to increase by 1.2 billion, from 0.4 billion in 1990 to 1.6 billion in 2010. The number of people aged 15-64 is expected to increase by 1.1 billion, from 1.1 billion in 1990 to 2.2 billion in 2010.

Journal of Management Studies, 20(6), 791-806.

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1. *Journal of Management Studies*, 1997, 34, 1, 1-14.

STOCK EXCHANGE REPORT

British Funds dull but equities end the Account on a firm note—Share index up 3.6 at 512.9

Account Dealing Dates

Option

*First Declared Last Account

Dealings (tons) Dealings Day
Aug. 1 Aug. 17 Aug. 18 Aug. 30
Aug. 21 Aug. 31 Sep. 1 Sep. 12
Sep. 4 Sep. 14 Sep. 15 Sep. 26
Sep. 27 Sep. 28 Sep. 29 Sep. 30

Quiet conditions persisted in
stock markets yesterday. Never-
theless, the underlying tone in the
equity sectors remained basically
sound and the Account ended on
a firm note.

In contrast, the downward drift
in British Funds continued, senti-
ment being clouded by uncertainty
over the future level of short-term
interest rates following the money
supply figures and President
Carter's moves to help the ailing
dollar. Although selling pressure
was not heavy, short-term funds
quickly responded to further offer-
ings before rallying to close only
off on the day after showing
losses ranging to 1.5. Although not
a helpful factor, inflation was
expected and had no impact on
the longer maturities where prices
simply drifted to close a lower.
The Government Securities Index
ended 0.16 more to 70.73 for a fall
of 0.35 on the week.

Once again, persistent small
public selling and profit-taking in
lending equities was easily
absorbed and, after a dull start,
prices gradually made progress
with final quotations closing
higher on balance. The FT 30-
share index, up 3.6, regained most
of the ground lost over the four
previous trading days to close at
512.9 for a rise of 15.7 on the
Account.

Big situations and companies
making trading statements pro-
vided the main source of interest
in secondary issues. Overall, the
trend was mixed, but falls were
in a majority over rises by
5.3 in FT-quoted Industrials. The
downward drift in activity over the
week was reflected in average
daily bargains of 5,407 compared
with the previous week's 6,007.

A good two-way business de-
veloped in the investment cur-
rency market, with sterling
initially slipping to a low of 98
per cent on institutional selling;
however, a late demand for invest-
ment in U.S. and Far Eastern
securities left the rate firm to
the day's best at 99.3 per cent for
a point rise on balance.

Only 434 contracts were com-
pleted in Traded Options yester-
day making it the quietest week
since the beginning of July. Lead-
ing Securities provided 110 of the
modest total with the October 240
series accounting for 70.

Wagon Finance dull

In a lethargic banking sector,
Wagon Finance declined 4 to 43p
and Barclay's Bank fell 1.5 to 42p
while Commercial Bank lost 4
points to 26p. Home Banks closed
quietly firm with the exception of

NatWest, which ended a penny
off at 27p, after 27p. Hongkong
and Shanghai eased the turn to
35p; the latter's interim results
are due next Thursday. Elsewhere,
price movements were the order
of the day in Insurance: Sun
Alliance added 6 at 55p and Pru-
dential hardened 2 to 164p, senti-
ment in the latter being clouded
by the disclosure that the group
is considering entering the
Japanese insurance market.

Having eased to 195p initially
following the chairman's com-
ments about pressure on margins,
Distillers moved up late with the
other equity leaders and closed 6
to the good at 201p. Although

thinning trading, Mothercare re-
lived 2 more to 164p and House
of Fraser softened a penny to
165p; the latter's interim results
are due next Thursday. Elsewhere,
Bambers were wanted at 115p, up
5, and Bourne and Hollingsworth
edged forward 2 to 285p on hopes
of the new Account will bring
down the bid discount. Time Pro-
ducts improved a penny initially
but reacted to close 6 down on the day at 192p.

Racial Electronics continued
firmly, rising 14 to 325p for a two-
day improvement of 22p. Thorne
Electrical rose 12 to a 197p peak
of 40p on investor demand, while
Wholesale Fittings re-

acted at 66p. Reflecting the
strong second-half recovery,
Danks Gowerston rose 13 to 82p
and P. S. Ratcliffe improved 3 to
25p in response to the higher pro-
fits. Matthew Hall added 4 to
235p on news of the firm NCB
contract. Yarrow rose 7 to 302p,
up 32 on the week, on continuing
hopes of early compensation pay-
ment news.

AGB Research good

Still reflecting bid hopes, the
Belfast-based Peter Pan Bakeries
rose 12 further to 60p for a rise
of 40p on investor demand, while
drifted gently lower. Among

initial response to news of the
proposed dividend-boosting firm
rights issue, Ricardo rallied
strongly on renewed investment
support and closed 7 higher at
285p.

Norton and Wright featured the
Leisure sector rising 16 for a two-
day jump of 31 to 295p on Thurs-
day's announcement of sharply
higher profits and 100 per cent
scrip issue. Barr and Wallace
following a recent Press-inspired
rise and shed 4 to 135p. Television
shares improved following Press
comment on increased advertising
revenue. LWT A stood out,
adding 5 to 147p.

Motors and Distributors spent
a quiet session. Dents improved 5
to 125p, while the bid for the
lucrative mining orders from
China, while publicly given to a
broker's circular helped Duple to
harden a penny to 78p. Associated
Engineering rose 3 to 126p, but
A. V. Products remained on
offer and eased 11 more to 76p.
Garages closed with frequent
losses on small selling and lack
of support. Bentley reacted 3 to
125p, while Heron Motor, 130p,
and Tate of Leeds, 68p, lost 4
apiece.

Newspapers passed a lack-lustre
session which the only notable
movement was that of Thomson,
which eased 5 to 255p on adverse
Press comment. Elsewhere, fur-
ther consideration of the annual
results left Melody Mills 5
cheaper at 87p.

Properties held fairly close to
overnight levels, although selected
issues closed with reasonable
gains. British Land put on 4 to
481p, while the reduced annual loss
and property revaluation, while
the 12 per cent Convertible rose
3 points to 167p. In a thin market,
Glaxo Securities put on 17 to
290p, while speculative interest in
left London Provincial Ship 5 to
the good at 115p. Buyers again
came in for rafford Park Estates
which added 3 more to 135p, up
15 on the week.

Oil firm late

Subdued for most of the session
by end Account influences, British
Petroleum found support in late
dealings and firmed 10 to 385p.
Similarly, Shell improved 9 to
470p, while the interim results
results. Ultramar added a couple
of pence to 250p, but Siebens
(UK) gave up 4 for a fall of 24
on the week at 345p, after 33p.

Admittedly, this market, fig-
ured prominently in invest-
ment Trusts, rising 3 to a 197p
peak of 113p on the announce-
ment that agreement has been
reached on the sale of the com-
pany's major Canadian invest-
ment. Small buying in a
restricted market left Channel
Islands Capital 20 higher at 630p.
Argo Investments reflected
currency influences with a fall
of 12p to 132p. In Financials,
jobbers, Alroy and Smithers
eased 5 to 225p.

Shipings ended the week on a
buying.

President Carter's statement on
the dollar failed to inspire much
confidence in the currency which
fell further and prompted a 30
point fall in the dollar price to
\$210.375 per ounce.

In turn, South African Golds
moved ahead sharply at the out-
set, but the higher levels
attracted profit-taking and, with
the closure of the market, in-
vestment premium for most of
the day, they turned easier again
to close showing modest losses
overall.

A further 1.5 fall in the Gold
Miner index to 18.1 extended the
loss on the week to 16.9.

Heavyweights fell by up to 1.5
in Free State Gold, while
Randmined declined 4 to 114
and Premier Brand 1 to 110p.

Lower-priced issues,
Doornfontein were notably weak,
down 39 to 325p, but Stillfontein
edged up 5 to 305p and Venters-
post 3 to 241p.

Financials generally eased in
line with Golds. Gold Fields of
South Africa fell 1.5 to 110p, in
front of the increased final dividend
and sharply higher profits.

In Platinums, Bishopsgate re-
covered 3 to 106p, but were still
6 off on the week following the
proposed reorganisation and
name change to Impala Platinum
Holdings.

The lower premium affected
Australian, but prices still
showed good gains over the week
reflecting a favourable response
to Tuesday's Federal Budget.

Comins Rottorf, unchanged at
300p, closed 18 better on the
week following the continuing de-
mand for a possible merger with
Barrick, although a penny cheaper
yesterday, registered an
improvement of 11 over the
last period for the same reason.

Time enjoyed a good week fol-
lowing sustained Far Eastern
buying.

Shippings ended the week on a
buying.

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SHARE PRICE MOVEMENTS

IN REAL TERMS

FT-Actuaries All-Share Index

Adjusted for Inflation

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SHARE PRICE MOVEMENTS

IN REAL TERMS

FT-Actuaries All-Share Index

Adjusted for Inflation

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the

Share Information Service yesterday

stained new highs and lows for 1978.

NEW HIGHS (95)

U.S.M.C. Inc. 1982

CANADIAN PACIFIC

Bow Valley

Maclean-Glenfield

Caledonian

Caledonian

Caledonian

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INSURANCE BASE RATES									
Property-Casualty	104.6%								
Vanbrugh Guaranty	8.67%								
Address: 1000 N. 10th St., Insurance and Property Bond Bldg. CEC Reg'd. Fd. #122.0 352.0									
Credit & Commerce Insurance 100, Republic St. Windsor W1P1P3 01-433 7083 CEC Reg'd. Fd. #122.0 352.0					Life Assur. Co. of Pennsylvania 3500 New Bond St., W1T0B0 01-493 0285 CEC Reg'd. Fd. #122.0 352.0				
Florida Bk. Union, Inc. MORG 71 Lombard St., FLA 01-433 1286 CEC Reg'd. Fd. #122.0 352.0					Life Assur. Co. of Pennsylvania 3500 New Bond St., W1T0B0 01-493 0285 CEC Reg'd. Fd. #122.0 352.0				
Windsor Life Assur. Co. Ltd. Royal Albert Hall, Street St., Windsor 001-44 CEC Reg'd. Fd. #122.0 352.0					Life Assur. Co. of Pennsylvania 3500 New Bond St., W1T0B0 01-493 0285 CEC Reg'd. Fd. #122.0 352.0				

FINANCE LAND—Continued[illegible]

...ly: Bw. Sp.	71	-	(Tondaland)	95
...fate: Nimp. El.	77	-	Concrete Prods.	135
...gume: Hw.	77	-	Stenton (Hedges)	98d
...M. Sum. El.	155	.....	Ins. Corp.	160
...th: drc. 25p	260	.....	Ins. & Ropes.	130
...rve: H. 2c	87	.....	Jarosl.	94
...fate: H. 2c	185	.....	Stenton	63
...fate: Mills.	20	.....	T.M.G.	215
...fate: Id. Brck	46	.....	Unidure (Jurgis)	116d

[illegible]

...ly: Bw. Sp.	71	-	(Tondaland)	95
...fate: Nimp. El.	77	-	Concrete Prods.	135
...gume: Hw.	77	-	Stenton (Hedges)	98d
...M. Sum. El.	155	Ins. Corp.	160
...th: drc. 25p	260	Ins. & Ropes.	130
...rve: H. 2c	87	Jarosl.	94
...fate: H. 2c	185	Stenton	63
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...fate: Id. Brck	46	Unidure (Jurgis)	116d

[illegible]

